



Daily Report

Central Eurasia

FBIS-SOV-96-132
Tuesday
9 July 1996

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Russia: Text of Zyuganov's Banned TV Broadcast Published

MM0807135596 Moscow PRAVDA in Russian
6 Jul 96 p 2

[Report by Yuriy Makhlin, incorporating transcript of final pro-Zyuganov election broadcast "banned by ORT" and presented by Zyuganov Election Agent Govorukhin: "The Blackest Obscurantism." This Is What Stanislav Govorukhin Wanted To Tell People on the Eve of the Vote but Was Banned by ORT"]

[FBIS Translated Text] G. Zyuganov's final election broadcast was supposed to have aired on ORT at 2150 hours 1 July. The Russian presidential contender decided that his agent, the well-known movie director and State Duma Deputy Stanislav Govorukhin, should speak to the people. He notified Channel One officials accordingly.

The latter began by demanding to see the video recording so that they could censor it and, furthermore, they wanted to see it 48 hours before it was due to be shown. So they watched it and decided: It must be banned!

"Why?" our correspondent Yuriy Makhlin asked Govorukhin.

Instead of replying, Stanislav Sergeyevich switched on the video recorder.

This is what he wanted to tell people on the eve of the vote:

"Let us look at the real results of round one of the voting — the real results, not those regurgitated by the lickspittles! Some vast territories voted for Yeltsin: Kamchatka, Chukotka, and the Far North — vast in area but small in population.

"It may be said firmly today that all Russia, especially working and honest Russia, wants to replace the criminal authorities: This goes for Siberia, the Caucasus, the densely-populated South, Central Russia, and the Chernozem Zone. Dozens of the most criminal cities voted for Yeltsin. There is a logic to this. The more criminal a city is the higher the president's rating there. Three megalopolises voted for Yeltsin, three of Russia's most criminal cities — Yekaterinburg, St. Petersburg, and Moscow, the capital of the crime world. All the crooks in the Russian Federation voted for the incumbent authorities. The Butyrki jail — it voted unanimously — and the island of Cyprus where 'new Russians' live — there are thousands of offshore companies there through which tens of billions of dollars are pumped to the West. Well, on Cyprus the beaches were deserted: The 'new Russians' were waiting in the blazing sun to vote —

heaven forbid that this authority, which suits them, be replaced.

"The Chechen gunmen are for Yeltsin! Yandarbiyev admitted that if he were to vote he would vote for Yeltsin. No question about it! Who armed them? Who led them away every time the Russian troops launched a decisive strike? Who is now refusing to accept the main conclusion of the parliamentary commission on Chechnya that the chief culprit of the tragedy is the incumbent president!

"The bulk of the creative intelligentsia — the elite, as they call themselves — went to vote arm in arm with the crooks. People will say to me: But you are part of that creative elite. No, spare me such an honor! I stated this bluntly to the whole country via IZVESTIYA in October 1993: I am leaving the Cinematographers' Union, the union is a liar, it is the lapdog of the authorities, it has betrayed its viewers.

"It has always been the Russian intelligentsia's honored duty to protect the oppressed, the robbed, the doomed. It was ashamed to grovel around the throne and it would rather shoot itself than lick the authorities' ass. Now everything is back to front. And not just back to front but hand in hand with the crooks. They have the same taste, the same choice, and they both like the same president.

"Did a falsification take place? Ah...the Tatarstan case is being investigated. Those who followed the elections will remember. On the evening of 16 June Zyuganov had 51 percent, Yeltsin — 29 percent. I can picture Shaymiyev clutching his head and wondering what can he tell the Kremlin? By the evening of 17 June Zyuganov had 42 percent, Yeltsin — 34 percent. Ultimately Yeltsin won.

"Was there an extraordinary upsurge in the turnout on the evening of 16 June? I went to my polling place at 2100 hours. Some 49 percent of the electorate had voted. Across Russia the figure was around 56 percent. Ninety minutes later they announced that over 70 percent had voted across Russia. Did you see waiting lines at the polling places on the evening of 16 June? Where did this sudden upsurge come from?! What is more, it gave victory to Yeltsin.

"Chechnya is for Yeltsin. The Russians in Chechnya who have been betrayed and duped by the president a hundred times voted for the man who betrayed them. The Chechens whom he bombed voted for Yeltsin. The families of the dead were for Yeltsin.... I have been to Chechnya many times and I know that this cannot be!

"Here is a flow chart (Govorukhin intended to show this to the television viewers — Yu.M note). The flow chart shows how the election results will be relayed to those

PRESIDENTIAL ELECTION ISSUES

Results of voting in election of President of the Russian Federation held on 16 June 1996

Numbers of lines and data of protocols of electoral commissions of subjects of the Russian Federation and sectorial electoral commissions of electoral sections formed outside the boundaries of Russian Federation territory		Total	Names of subjects of the Russian Federation					
			Republic of Adygeya (Adygeya)	Republic of Altay	Republic of Bashkortostan	Republic of Buryatiya	Republic of Dagestan	Republic of Ingushetiya
1.	Number of voters registered on voting list, including voters supplementally registered on list	108495023	338369	130610	2846065	688483	1172872	114605
2.	Number of ballots issued to sectorial electoral commissions	105669479	324683	130197	2828635	660744	1120034	113059
3.	Number of ballots issued to voters at electoral sectors on day of elections	72267772	215865	91066	2169526	417974	783919	78334
4.	Number of ballots issued to voters voting outside polling places	3476772	11482	5807	84766	23569	27877	2162
5.	Number of cancelled electoral ballots	29924930	97336	33324	574343	219201	308238	32563
6.	Number of electoral ballots contained in portable ballot boxes (with the exception of ballots of non-specified form)	3471935	11478	5807	84568	23559	26382	2158
7.	Number of electoral ballots contained in stationary ballot boxes (with exception of ballots of non-specified form)	72115204	215140	90980	2164727	417227	782146	78103
8.	Total number of valid electoral ballots	74515019	223819	94629	2204156	430245	787110	78647
9.	Total number of electoral ballots deemed invalid	1072120	2799	2158	45139	10541	21418	1614
10.	Number of electoral ballots not marked on any of positions	175922	450	406	5396	1739	1551	186
11.	Surnames, names and patronymics of candidates to the office of President of the Russian Federation entered into electoral ballot	12. Number of votes cast for each candidate						
1.	BRYNTSALOV, Vladimir Alekseyevich	123065	319	173	3949	554	1026	305
2.	VLASOV, Yuriy Petrovich	151282	342	228	2992	770	622	148

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		Names of subjects of the Russian Federation					
		557	967	17411	2544	2791	3574
3. GORBACHEV, Mikhail Sergeyevich	386069						
4. YELTSIN, Boris Nikolayevich	26665495	45374	27562	769089	134856	230614	37129
5. ZHIRINOVSKIY, Vladimir Volfovich	4311479	11494	4671	64541	21329	9041	1398
6. ZYUGANOV, Gennadiy Andreyevich	24211686	116701	42204	941539	177293	511202	19653
7. LEBED, Aleksandr Ivanovich	10974736	31710	12614	200859	46609	10799	1796
8. FEDOROV, Svyatoslav Nikolayevich	699158	2245	836	12256	5464	2208	616
9. SHAKKUM, Martin Lyutsianovich	277068	720	473	7202	1190	703	299
10. YAVLINSKIY, Grigoriy Alekseyevich	5550752	11977	3347	152557	33451	13753	12195
Number of votes cast for A. G.M. Tuleyev at electoral sectors where voting was conducted ahead of schedule and its results were established by sectorial electoral commissions	308	0	2	0	0	15	0
13. Number of votes cast by voters against all candidates	1163921	2380	1552	31761	6185	4336	1534
Number of voters voting at electoral sectors by absentee ballots	852043	961	550	19735	2023	1376	22
Number of voters receiving absentee ballots at electoral sectors	1062068	932	621	24107	2900	1947	19

[Note: Numbers in left-hand column of following tables refer to numbered data and names of candidates presented in table above.]

Names of subjects of the Russian Federation							
	Kabardino-Balkar Republic	Republic of Kalmykiya	Karachayevo-Cherkessk Republic	Republic of Karelia	Republic of Komi	Republic of Mari El	Republic of Mordovia
1	507194	200224	293024	577087	799889	550104	688846
2	491139	196665	283900	487468	778671	543627	684376
3	361731	138272	201360	375171	485741	358889	462403
4	14110	13442	11229	10551	15238	23951	21426
5	115298	44951	71311	95746	277692	160787	200547

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Names of subjects of the Russian Federation							
6	14102	13439	11229	16563	15236	23946	21422
7	360423	138057	201093	374377	484721	358515	461924
8	365578	148053	208000	384803	491385	375705	467419
9	8947	3443	4322	6137	8572	6756	15927
10	471	268	341	999	1383	1347	1704
11	12. Number of votes cast for each candidate						
1.	465	177	616	744	878	650	627
2.	452	121	229	722	949	696	961
3.	1290	531	1060	1914	2992	1790	1439
4.	163872	88615	54823	165584	202373	93124	116693
5.	5358	5407	5286	33134	49103	28418	33138
6.	139521	38964	117677	66428	81572	166131	240263
7.	36685	8215	18624	47053	90830	41948	51434
8.	1809	633	1014	3817	4262	5047	3323
9.	712	227	525	2066	1990	2327	652
10.	12590	3791	6527	55768	47240	28179	14493
	0	0	0	0	3	0	0
13	2824	1372	1619	7573	9193	7395	4396
	799	475	659	4785	3092	2683	2934
	913	716	936	5746	9441	3114	2649

Names of subjects of the Russian Federation							
	Republic of Sakha (Yakutiya)	Republic of North Ossetiya-Alaniya	Republic of Tatarstan (Tatarstan)	Republic of Tyva	Udmurt Republic	Republic of Khakassiya	Chechen Republic
1	611990	435145	2635844	170685	1151991	393711	507243
2	509380	384179	2620948	164145	1038440	363904	481820
3	412233	292027	1867704	106797	720623	247761	300734
4	28539	8721	76940	10133	19090	11737	73282
5	68608	83431	676304	47215	298727	104406	107804
6	28534	8715	76937	10133	19086	11736	72186
7	411944	291316	1866630	106616	719575	247475	296291
8	429300	296132	1889847	111898	727286	255345	352159
9	11178	3899	53720	4851	11375	3866	16318
10	1040	555	6610	447	3010	420	1646

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Names of subjects of the Russian Federation							
11	12. Number of votes cast for each candidate						
1.	715	460	3553	175	1404	458	817
2.	770	556	3289	169	1679	677	1489
3.	3459	861	15775	1167	5092	1643	6508
4.	228398	57849	745181	69971	271865	75801	239905
5.	16099	9703	50119	3529	44243	25108	5172
6.	90529	187007	740451	24716	225074	91956	60119
7.	55551	28795	143429	5297	85125	32491	9371
8.	4647	1705	17895	532	6802	3098	3804
9.	1158	503	4620	246	3056	1074	1118
10.	20620	5390	134161	4926	68215	18784	15665
	12	0	0	0	0	0	0
13	7342	3303	31374	1170	14731	4255	8190
	7471	583	12958	330	5127	919	0
	10556	706	16320	501	6782	1080	0

Names of subjects of the Russian Federation							
	Chuvash Republic	Altay Krai	Krasnodar Krai	Krasnoyarsk Krai	Primorsky Krai	Stavropol Krai	Khabarovsk Krai
1	959432	1950248	3868024	2141669	1580011	1862784	1103898
2	970084	1926686	3750800	2133445	1534697	1827181	1089245
3	619338	1323352	2505964	1454758	1013182	1311251	713719
4	25686	56572	97502	51592	34017	65459	27594
5	325060	546762	1147334	627095	487498	450471	347932
6	25680	56554	97321	51563	34005	65440	27547
7	618696	1321605	2501784	1451885	1010837	1308345	712229
8	620431	1360019	2569314	1484038	1031745	1357852	732196
9	23945	18140	29791	19410	13097	15933	7580
10	4489	2946	4986	2680	1973	2696	1292
11	12. Number of votes cast for each candidate						
1.	977	1642	4284	1947	1889	2133	988
2.	916	1861	4002	2471	2084	2091	1391
3.	2329	6387	8092	8885	5751	8219	5097
4.	132422	300499	682602	523135	308747	302236	288585
5.	27381	101669	165721	113953	133029	84991	64007

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Names of subjects of the Russian Federation							
6.	347524	578478	1024603	428781	256574	603570	169536
7.	49296	267216	454555	208494	203384	265729	90550
8.	20906	9439	23266	13264	13094	10654	15991
9.	2166	4688	5498	6127	8692	5397	2680
10.	29446	69619	165231	150527	74840	56353	77077
	0	0	0	20	42	0	5
13	7068	18521	31460	26434	23619	16479	16239
	4900	8090	24050	8916	7852	7911	4031
	5618	8875	12134	13519	10819	7506	6445

Names of subjects of the Russian Federation							
	Amur Oblast	Arkhangelsk Oblast	Astrakhan Oblast	Belgorod Oblast	Bryansk Oblast	Vladimir Oblast	Volgograd Oblast
1	697451	1056542	734487	1093357	1110307	1243738	2003793
2	675670	990100	726257	1071162	1088915	1225309	1966181
3	454735	679577	480206	757476	768268	830626	1389376
4	24238	27571	29285	70855	34463	47176	53805
5	196697	282952	216765	242831	286184	347507	523000
6	24234	27480	29274	70831	34455	47166	53796
7	454081	678173	479494	756984	767144	829308	1386609
8	472210	697608	501069	817418	790071	862882	1425508
9	6105	8045	7699	10397	11528	13592	14897
10	724	2108	1650	1865	2180	2542	2665
11	12. Number of votes cast for each candidate						
1.	746	1440	704	1018	856	1591	1995
2.	867	1590	762	1106	1035	1957	2572
3.	2374	3981	1623	2777	2657	3618	6055
4.	127233	288225	150190	189320	210257	270736	411822
5.	37852	46277	36407	35666	40777	58774	94418
6.	200186	129299	185925	383688	397454	261808	576802
7.	56610	121910	82140	140322	92948	174490	196609
8.	5651	11037	4674	4336	4746	6980	19237
9.	1484	3805	916	1220	1190	3923	3543
10.	28985	76136	30710	47592	27904	64783	92623
	0	34	0	0	0	0	0

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Names of subjects of the Russian Federation							
13	10222	13874	7018	10373	10247	14222	19832
	2526	8876	4284	4857	5196	16119	9232
	4339	14902	6539	5217	4632	8952	11406

Names of subjects of the Russian Federation							
	Vologda Oblast	Voronezh Oblast	Ivanovo Oblast	Irkutsk Oblast	Kaliningrad Oblast	Kaluga Oblast	Kamchatka Oblast
1	983482	1963015	957607	1798752	724142	832954	272757
2	969094	1932366	951763	1760690	696595	817920	264400
3	611470	1306568	642925	1105541	505401	563407	163057
4	68440	106322	47303	26877	15401	44388	4766
5	289184	519476	261535	628272	175793	210125	96577
6	68429	106313	47296	26775	15371	44375	4767
7	610453	1304135	642094	1102412	503896	562453	162727
8	671828	1393649	680436	1112168	513449	598476	165754
9	7054	16799	8954	17019	5818	8352	1740
10	1163	3097	1935	3417	936	1270	331
11	12. Number of votes cast for each candidate						
1.	1320	1846	1128	1698	878	1140	347
2.	1302	2428	1082	2635	823	1158	487
3.	4633	4316	2549	7150	2245	2379	872
4.	306663	319402	204084	363648	173769	190706	57435
5.	48338	82429	48275	95810	37412	31018	16689
6.	126665	641540	160105	311353	119830	214933	31307
7.	119719	246234	203997	183962	100264	94650	23549
8.	5894	10767	4215	22271	3189	5249	1731
9.	2295	2247	1864	4552	821	2791	542
10.	40200	62458	41938	100075	66703	45258	28935
	0	0	0	11	9	0	20
13	14799	19982	11199	19003	7506	9194	3840
	11238	13684	7638	3350	3602	14232	883
	11862	14022	7420	5731	4345	7338	2171

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PRESIDENTIAL ELECTION ISSUES

Names of subjects of the Russian Federation

	Kemerovo Oblast	Kirov Oblast	Kostroma Oblast	Kurgansk Oblast	Kursk Oblast	Leningrad Oblast	Lipetsk Oblast
1	2167343	1199668	596580	786510	1007467	1329030	945709
2	2130077	1183911	592652	768759	1000954	1280874	936424
3	1390380	819353	406186	557607	685062	887710	613439
4	56314	53801	33068	25217	52714	44267	57261
5	683383	310757	153398	185935	263178	348897	265724
6	56266	53800	33065	25190	52710	44260	57259
7	1387583	818370	405791	556971	684427	885975	612775
8	1422738	860976	433126	574165	723893	920377	659499
9	21111	11194	5730	7996	13244	9858	10535
10	3596	2581	922	1470	2253	1862	1635
11	12. Number of votes cast for each candidate						
1.	1565	1688	747	1071	971	2210	750
2.	1967	1609	875	958	1140	1812	1070
3.	7154	3706	2024	3112	2661	5757	1898
4.	332376	272471	122971	170311	177328	348505	168077
5.	167925	75155	33426	58143	28666	39882	35638
6.	561397	252624	125399	218464	376880	215511	310671
7.	220789	119504	102078	64877	81555	168540	88165
8.	23566	7232	3357	4582	4280	11038	4616
9.	5260	3499	1197	2029	1145	3491	1279
10.	77099	105934	34112	38475	39641	107896	37251
	0	0	0	0	0	0	0
13	23640	17554	6940	12139	9626	15735	10084
	5726	7935	4664	4868	5069	39149	5502
	6550	8796	4112	4987	4791	11147	3788

Names of subjects of the Russian Federation

	Magadan Oblast	Moscow Oblast	Murmansk Oblast	Nizhny Novgorod Oblast	Novgorod Oblast	Novosibirsk Oblast	Omsk Oblast
1	170058	5385052	787978	2852173	577881	2036397	1528138
2	152750	5177255	777480	2780768	564653	1986372	1510211
3	105270	3669596	459377	1809168	377297	1410366	1093539

Names of subjects of the Russian Federation							
4	5246	130731	11340	84009	39611	42371	37367
5	42234	1376928	306763	887591	147745	533635	379305
6	5244	130663	11315	83987	39605	42357	37314
7	104912	3663912	458228	1805077	376660	1407157	1090191
8	109169	3743655	465188	1860018	411531	1428383	1108816
9	987	50920	4355	29046	4734	21131	18689
10	177	7649	928	6763	1063	2499	2576
11	12. Number of votes cast for each candidate						
1.	259	9575	1154	4426	960	1505	1364
2.	296	11721	1743	4220	733	1864	1907
3.	517	17478	2447	8070	2437	16106	5061
4.	40679	1675374	190719	657961	148515	371210	369782
5.	12021	113883	32775	102621	25813	141440	78352
6.	17666	912684	56789	614467	98682	506791	417029
7.	26288	571886	119396	279053	76912	144918	94396
8.	1570	34510	4177	16620	3398	14609	8693
9.	421	31929	1166	5074	1250	3086	7961
10.	6770	298656	45435	134905	45786	202117	101027
	5	0	42	0	0	2	0
13	2677	65959	9345	32601	7045	24735	23244
	367	133797	2896	21119	7090	11145	7547
	1418	76568	19680	24670	3645	13452	9444

Names of subjects of the Russian Federation							
	Orenburg Oblast	Oriev Oblast	Penza Oblast	Perm Oblast	Pskov Oblast	Rostov Oblast	Ryazan Oblast
1	1582780	687020	1166105	2020049	648971	3301262	1027429
2	1563610	679546	1165378	1975112	641526	3235137	1008451
3	1081506	467195	835115	1285691	407570	2374356	687967
4	33016	41262	40127	60940	83307	128272	67628
5	449088	171089	290136	628481	150649	732509	252856
6	32988	41256	40110	60929	83302	128166	67596
7	1079546	466875	833571	1283416	407130	2368287	687280
8	1094699	501754	860845	1324278	485935	2468600	746311
9	17835	6377	12836	20067	4497	27853	8525

PRESIDENTIAL ELECTION ISSUES

Names of subjects of the Russian Federation							
10	2761	1076	1985	4138	703	4643	1310
11	12. Number of votes cast for each candidate						
1.	1836	589	1055	2346	823	3114	1089
2.	1620	788	1289	2367	738	3591	1372
3.	7036	1580	2447	8303	2028	7923	2641
4.	288865	109020	181839	742968	121667	725949	186477
5.	83523	22402	46188	83952	49999	115162	40968
6.	468689	275643	442066	216713	149056	873609	302484
7.	151489	59972	105389	130203	115549	500263	149544
8.	10316	3187	5775	12410	3319	15082	4981
9.	2378	783	1724	4295	1196	5312	2347
10.	65027	19788	60565	96926	34537	192273	42242
	0	0	0	0	0	2	0
13	13920	8002	12508	23795	7023	26318	12206
	5062	3261	6191	12762	7371	15016	14380
	5746	2994	6656	16606	4329	20335	10230

Names of subjects of the Russian Federation							
	Samara Oblast	Saratov Oblast	Sakhalin Oblast	Sverdlovsk Oblast	Smolensk Oblast	Tambov Oblast	Tversk Oblast
1	2459138	2045823	462223	3440385	885377	976750	1256109
2	2455336	1982113	444854	3348063	872104	959512	1218904
3	1667187	1442099	283846	2119252	387226	630122	848365
4	53496	63122	10109	74533	58892	62734	85407
5	734653	476892	150899	1154278	225986	266656	285132
6	53487	63116	9833	74519	58888	62728	85379
7	1664098	1439762	283475	2117153	586373	629153	847054
8	1697287	1483048	289290	2169166	637586	682052	922683
9	20298	19830	4018	22506	7675	9829	9750
10	3384	3341	826	4023	1614	1526	1833
11	12. Number of votes cast for each candidate						
1.	1807	2201	569	2980	783	991	1587
2.	4471	2854	566	3671	918	1174	1804
3.	8198	5445	1683	9368	2347	2103	3551
4.	620526	426533	87577	1302951	141854	144669	299435

Names of subjects of the Russian Federation							
5.	96378	106482	26581	107039	53764	42183	51496
6.	604110	624996	78935	255514	287621	361552	313168
7.	200054	191822	54755	310841	102726	81045	159813
8.	16932	14135	4030	23103	3834	5576	6799
9.	11351	4131	1207	5850	1603	1343	3820
10.	105776	79404	27174	117496	32942	32003	64843
	0	2	32	0	0	0	0
13	27684	25043	6181	30353	9194	9413	16367
	20024	14051	968	21382	7579	5831	22034
	26532	17432	2049	28349	6663	3633	13691

Names of subjects of the Russian Federation							
	Tomsk Oblast	Tula Oblast	Tyumen Oblast	Ulyanovsk Oblast	Chelyabinsk Oblast	Chita Oblast	Yaroslavl Oblast
1	745336	1440267	907788	1090344	2663820	823299	1098249
2	736468	1445001	888623	1085073	2578026	795842	1098859
3	495047	978690	579131	749598	1827848	506604	723911
4	17578	62313	31578	25869	48778	24635	69038
5	223843	403998	277914	309606	701400	264603	305910
6	17566	62079	31573	25861	48739	24626	69033
7	494312	976976	578040	748835	1823602	505224	723248
8	503626	1023024	600693	763014	1841854	521205	782819
9	8252	16031	8920	11682	30487	8645	9462
10	1349	3487	1477	2393	4920	1538	1586
11	12. Number of votes cast for each candidate						
1.	725	1462	982	989	2703	840	1157
2.	881	1762	982	1136	2716	949	1464
3.	3096	3334	3224	2557	8936	2870	3338
4.	178881	311280	238171	184218	685273	130011	260919
5.	36419	47545	57206	57167	97937	68603	38380
6.	113281	314098	166491	355066	463071	207282	144188
7.	100788	249663	80961	95559	371120	61981	245613
8.	4026	6196	4988	7158	13732	6688	4896
9.	1525	3543	2150	2061	6594	1794	4113
10.	55780	68439	34750	45748	164230	29071	65886

PRESIDENTIAL ELECTION ISSUES

Names of subjects of the Russian Federation							
	0	0	18	0	0	0	0
13	8224	15702	10770	11355	25542	11116	12865
	3307	14147	4754	7368	15217	1926	15517
	4499	12513	4349	8520	20807	2930	16931

Names of subjects of the Russian Federation							
	city of Moscow	city of St. Petersburg	Jewish Autonomous Oblast	Aga-Buryat Autonomous Okrug	Komi-Permyak Autonomous Okrug	Koryak Autonomous Okrug	Nenets Autonomous Okrug
1	6784920	3695014	140631	44176	102136	21783	29097
2	6721193	3394470	140134	42839	100514	20808	29380
3	4617495	2263247	89644	26437	63044	14547	19258
4	87495	35393	5674	4086	7612	1269	1943
5	2016203	1095830	44816	12316	29858	4992	8179
6	87371	35376	5674	4084	7612	1267	1927
7	4590520	2257591	89379	26424	63038	14542	19256
8	4635180	2283552	93759	29852	69300	15542	20851
9	42711	9415	1294	656	1350	267	332
10	9094	1777	222	85	334	52	69
11	12. Number of votes cast for each candidate						
1.	8891	4114	201	72	174	55	64
2.	20614	6320	190	42	116	45	68
3.	23524	17640	626	340	603	136	215
4.	2861058	1137382	28859	13647	37649	7270	9033
5.	68285	49273	7594	1732	6013	1028	2104
6.	694862	342466	31220	10903	16751	2367	3891
7.	449900	321244	14544	1630	3850	2497	2537
8.	37790	25410	1725	231	360	208	465
9.	29858	6748	348	77	208	66	105
10.	372524	347488	6134	794	2116	1411	1619
	0	0	0	0	0	0	12
13	67874	25467	2318	384	1460	459	738
	80271	39104	549	166	422	31	102
	233835	91631	635	209	439	154	303

Names of subjects of the Russian Federation							
	Taimyr (Dudinka-Nenets) Autonomous Okrug	Ust-Ordynsk Buryat Autonomous Okrug	Khanty- Mansi Autonomous Okrug	Chukotsk Autonomous Okrug	Evenki Au- tonomous Okrug	Yamalo-Nenets Autonomous Okrug	Sectors formed outside boundaries of Russian Federation
1	28940	82940	827553	58848	12932	296650	518464
2	28194	82212	793410	58169	13134	287432	362338
3	16953	55581	498209	38580	7786	174193	231793
4	2039	3468	19102	4475	685	15167	13053
5	9202	23163	276099	15114	4663	98072	117490
6	2038	3468	19092	4467	684	15129	13049
7	16942	55533	497414	38552	7786	173938	230226
8	18773	57757	510363	42601	8345	186490	241674
9	207	1244	6143	418	125	2577	1601
10	26	210	692	73	15	207	265
11	12. Number of votes cast for each candidate						
1.	33	107	799	114	16	352	568
2.	35	98	822	124	30	315	954
3.	192	419	2984	264	69	1286	1979
4.	9434	21827	271345	20859	3678	104486	103212
5.	1920	2691	39217	3254	597	14304	11169
6.	2304	23604	66241	5808	1694	17360	60517
7.	2843	5041	78175	7337	1390	29789	40589
8.	292	663	7178	844	140	2975	2862
9.	100	161	2424	116	41	1086	521
10.	1234	2335	34138	2741	533	11824	14830
	0	0	0	17	0	0	3
13	386	811	7040	1123	157	2713	4470
	124	290	5880	288	40	1849	8956
	833	166	18105	1623	115	18217	3183

***Russia: Performance of Polling Services, Pundits Analyzed**

964F2709A Moscow NEZAVISIMAYA GAZETA
in Russian 27 Jun 96 p 5

[Article by Konstantin Katanyan, under the "Competition" rubric: "The Heavy Burden of Forecasting: Soci-

ologists and Analysts Once Again Tried To Measure Russia With a Common Yardstick"]

[FBIS Translated Text] On the eve of the first round of the presidential elections, leading public opinion studies specialists submitted the results of their latest polls to the Central Electoral Commission [CEC] sociological service. Its head, Professor Yevgeniy Andryushchenko, accepted from his colleagues only comparable data, in

which the ratings of all candidates for RF president, obtained by means of sociological measurement, were presented in one column, and the forecast, made on the basis of scientific analysis—in another column. This enabled the service to come up with the results of an unusual competition of experts immediately after the preliminary results of the balloting were made public.

The unquestionable winner in this competition was the Public Opinion foundation, headed by Aleksandr Oslon and Yelena Petrenko. The measurements conducted by them on 8 June produced not only the most precise but also probably the most substantiated forecast of the first round results, and on top of that, differentiated by region. The foundation's specialists predicted the share of vote received by Boris Yeltsin and Gennadiy Zyuganov in Russia as a whole with the precision of one percentage point, and forecast the gap between the two leaders in the presidential race much more precisely than all the other sociologists.

The forecast predicted Yeltsin with 34 percent of the vote of the electorate participating in the election, and Zyuganov—30 percent; the real results were 35.06 percent for the Russian president and 31.96 for the CPRF [Communist Party of the Russian Federation] leader.

Unlike most other experts, Gennadiy Osipov and Viktor Levashov, associates of the RAN [Russian Academy of Sciences] Sociopolitical Research Institute [ISPI], predicted a small gap between the share of the vote received by the two contenders for the office of head of state. They predicted, however, that Zyuganov would win the first round with 28.6 percent, while Yeltsin would come in behind his rival by only 0.1 percent.

This error on the part of ISPI experts is quite understandable, since they did their last measurements from 16 to 21 May, that is, almost a month before the elections. At the time, the incumbent president's rating, while rising, was indeed lower than that of Zyuganov. And one could hardly be certain that these dynamics would maintain momentum all the way until the middle of June. The ISPI forecast, however, correctly predicted the third "runner-up"—Aleksandr Lebed.

Both the ISPI specialists and the Public Opinion foundation's sociologists predicted that the brave general would get 7 percent of the vote; however, the foundation's forecast placed Lebed fourth, putting Vladimir Zhirinovskiy third. The same characteristic error was made by Vladimir Boykov, a professor at the Russian Civil Service Academy under the RF President, and Mikhail Gorshkov, general director of the Russian Independent Institute for Social and Ethnic Problems [RNISiNP]. In addition, they both predicted a consider-

ably greater advantage for Yeltsin over Zyuganov than it turned out in reality.

For fairness sake, it should be noted that in Mikhail Gorshkov's article, published in NEZAVISIMAYA GAZETA on 11 June, along with the sociological forecast he also offered a political-science forecast, which proved considerably more precise. In the actual results of the first round of the elections, practically the entire group of participants in the presidential race fell into the ranking order predicted by RNISiNP specialists. Nevertheless, speaking of Lebed's success, Gorshkov himself later admitted that although in this forecast he was placed third, the forecast had him there "with a considerably smaller lead over Yavlinskiy than it turned out in reality."

We deliberately do not want to dwell on other strictly political-science research not supported by public opinion polls or formal mathematical methods of measurement. Therefore, we will only quote the public statements of some sociologists who predicted the election results.

For instance, Igor Bunin, general director of the Center for Political Technologies, noted correctly that "in the first round Boris Yeltsin will finish with a small advantage—between 2 and 6 percent—over Gennadiy Zyuganov." He also guessed correctly that "Aleksandr Lebed is more likely to finish third than Vladimir Zhirinovskiy."

Aleksey Kara-Murza, director of the Center for Theoretical Research of Russian Reformism, suggested that Yeltsin will finish ahead of Zyuganov "by about 5 percent, that is, their respective share of the vote will be 35 and 30 percent." Kara-Murza was certain that Lebed would finish third, but erred in predicting Zhirinovskiy finishing ahead of Yavlinskiy.

Without naming precise figures, Zinaida Golenkova, deputy director of the RAN Institute of Sociology, expressed the opinion that the president and the Communist Party leader would finish with between 27 and 35 percent of the vote, but that "Yeltsin will be in the lead." And third place, she added, would most likely go to Lebed.

Among political scientists and journalists, the winners were Vadim Poegli, deputy editor in chief of MOSKOVSKIY KOMSOMOLET, and NEZAVISIMAYA GAZETA Editor in Chief Vitaliy Tretyakov. Poegli did predict a somewhat lower "rate" for Yeltsin and Zyuganov, by assigning 31 percent to the former and 26 percent to the latter, but he did guess better than others the gap between the two candidates and predicted correctly that "Lebed would finish third." Tretyakov, on

the other hand, initially gave 25 million votes to each most realistic potential winner, but in the same breath called the 16 June elections a game of "Russian roulette" and suggested that ordinary voters "may just decide to play the Yeltsin 'on-the-off-chance' game."

This is essentially what actually happened. In the end, this "on-the-off-chance"—"whose second name is Yeltsin," Tretyakov added—gave the president 26.7 million votes, while Zyuganov ended up with only 24.2 million. Most importantly, however, Tretyakov was the only analyst who almost precisely predicted the number of votes that would be cast for Lebed—10 million, or 14 percent (and placed him third, placing Yavlinskiy fourth). All the others seriously underestimated the general's potential, believing that he would not get more than 12 percent under any circumstances. In addition, Tretyakov suggested that voter turnout may be considerably lower than 80 percent.

Also rather good were the predictions made by SEGODNYA Editor in Chief Mikhail Leontyev and political scientist Andrey Nuykin. Both guessed correctly the

top three finishers but overestimated the gap between Yeltsin and Zyuganov. Kseniya Ponomareva, chief producer of ORT [Public Russian Television] news, on the other hand, suggested that the gap between the unquestionable favorites would amount to only 2 percent, while the author of this article put Yeltsin and Zyuganov even closer, promising them, respectively, 29.9 and 28.7 percent.

KOMSOMOLSKAYA PRAVDA commentator Pavel Voshchanov and ZAVTRA Editor in Chief Aleksandr Prokhanov, on the other hand, shared confidence in Zyuganov's victory. Naturally, on the part of Prokhanov this was not at all an error. When he spoke of the CPRF leader winning by a margin of 10 percentage points, he was simply engaging in wishful thinking. But the former press secretary to the president of Russia should have known Yeltsin better to ignore his capacity for the utmost concentration in extreme situations. Had Voshchanov carefully weighted all the "pros" and "cons," he would not have stated that Yeltsin would lose by a whopping 5 percentage points.

Forecasts Made by Different Sociological Services on the Eve of the First Round of Presidential Elections in Russia

Sociological service	Candidate				
	Yeltsin	Zyuganov	Lebed	Yavlinskiy	Zhirinovskiy
Public Opinion foundation	34	30	7	6	8
ISPI RAN	28.6	28.5	7	6	6
VTsIOM	37	31	10	8	6
Institute of Sociology of Parliamentarism	40	31	9	11	5
RNISINP	38-40	25-27	7-9	8-10	4-6
RAGS	42	23	5	5	8
Independent Center for the Study of the Political Culture of Russia	27	36	10	13	7
ROMIR	34-35	28	8	7	5
Vox Populi	25-30	25-30	8	7	9-10
Working Russia (in Moscow)	32.2	44.8	0	2.2	12.4
Actual results of the vote	35.28	32.04	14.52	7.31	5.70

Let us go back, however, to the real sociological forecasts based on the data of mass surveys of the RF population. Unfortunately, respondents' answers did not always provide a good basis for calculating voters' priorities, which truly show up only at the election precincts.

Unlike in the 1995 parliamentary elections, the Institute of Sociology of Parliamentarism, headed by Nugzar Betaneli, struck out this time. Its forecast, worked out on the basis of nine nationwide public opinion surveys, gave Yeltsin a 9-percent margin over his rival, and on top of that assumed that General Lebed's

upward popularity "curve" would not let him overtake Yavlinskiy by 16 June.

The faults in the VTsIOM [All-Russia Center for Public Opinion Studies] forecasts fall within the margin of statistical error compared to the real results. However, its base figures differed perceptibly from the real election results, and the allowable error of 3.8 percent, which let it closely "fit" the forecast to match the number of votes won by the candidates, looks more like a strictly professional trick on the part of Yuriy Levada and his staff. On the other hand, it was the VTsIOM specialists who predicted the precise level of voter turnout. With respect to this indicator, the Public Opinion foundation also was on target. All the other experts predicted a turnout of 80 percent or more, rather than 70 percent. Alas, this optimism turned out to be unjustified.

Yevgeniy Andryushchenko, too, predicted long before the elections that the turnout would be much lower than expected; at the time, however, his publications in the press were ignored. Even the CEC did not want to believe that the desire to vote, declared by many, does not necessarily mean that people actually would come out to the election precincts. Many Moscow and St. Petersburg residents, for instance, decided not to forgo gardening on their private plots on Sunday for the sake of participating in elections. And this is one of the major factors explaining Yeltsin's relatively small margin over Zyuganov and, as a consequence, an error on the part of the considerable number of experts working on the assumption of high activism by the democratic electorate in federal-level cities.

MGU [Moscow State University], ROMIR [Russian Public Opinion and Market Research] agency, and Vox Populi service sociologists decided not to burden themselves with official forecasts. They did report in various publications, however, their predictions regarding the outcome of the first round of the elections.

Vox Populi sociological service director Boris Grushin noted that "both the main contenders retain more or less equal chances and may win 25-30 percent," adding that

"Zyuganov does have a very good chance of coming ahead of Yeltsin" and that "Vladimir Zhirinovskiy still will come in third."

ROMIR agency director Yelena Bashkirova noted that Yeltsin and Zyuganov are running "neck and neck," but reckoned that each "may get, shall we say, 28 percent." She did think that Lebed would finish third, but with only 8 percent.

And the unquestionable outsider in the professional competition of sociologists turned out the deliberately biased experts of the independent Center for the Study of the Political Culture of Russia. According to their forecasts, published in "friendly" communist newspapers, Zyuganov was to confidently win over Yeltsin with a whopping margin of 9 percent, and Yavlinskiy was to siphon off a considerable share of the president's electorate and finish third with 13 percent.

The survey of Working Russia supporters, who even in Moscow managed to come up with the figure of 44.8 percent of the vote in favor of Zyuganov compared to 32.2 percent for Yeltsin, turned out to be even more tendentious. One would ignore such political voodoo altogether had these results not been presented as sociological forecasts, thus undermining the Russian population's confidence in any public opinion polls and scientific forecasts drawn from their data.

Now that the first round of the elections is over, sociologists should get down to work with double energy. The number of candidates has diminished exactly fivefold, but this does not mean at all that the analysts' task has become much easier. Because in the runoff they will have to call not only the potential winner but also the number of votes cast for each contender for the office of RF president. And it is possible that in the new race the count will be not in tenths but hundredths of a percent. And in this one, nobody has the right to err, because at stake is not only the sociologists' honor and public opinion services' prestige but the fate of all Russia.

CIS: ITAR-TASS Carries Press Review for 9 Jul
LD0907063296 Moscow ITAR-TASS in English
 0623 GMT 9 Jul 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, July 9 (ITAR-TASS) — Follows a review of Tuesday's Moscow-based Russian newspapers.

IZVESTIYA on Boris Yeltsin's reelection for the second term.

"Yeltsin's re-election has presented the reform backers with another four years which can be used for calm work. This is a short period, considering that after 4.5 years of reforms, far from all voters have become convinced of the benevolence of the chosen road," the newspaper writes in an article headlined "The winners celebrate while the losers are whetting their knives".

The newspaper wonders whether the reformers will succeed in overcoming the weaknesses in which the antireformers drew strength in the recent period.

IZVESTIYA on a probable aggravation of diplomatic relations between Russia and Estonia.

An aggravation of diplomatic relations between Russia and Estonia is probable again because on July 12 one-third of Estonia's population will remain without residence permits and without prospects for the future, the newspaper states in a front-page news item.

The newspaper also represents the point of view of the Russian Foreign Ministry: Tallinn's actions massively to trample on human rights will not remain unheeded.

ROSSIYSKIYE VESTI analyses the situation concerning the implementation of Presidential decrees.

"Why did coalminers rattle their helmets outside the White House in Moscow, and not in Cherepovets or Lipetsk?" is the headline of an article to this effect. Some people wanted to make coalminers furious, the newspaper concludes. "It is a matter of common knowledge that they will not go to rattle their helmets outside townhalls in Lipetsk or Cherepovets, but will demand the removal of governors because metallurgical mills fail to pay for coal. The coalminers will vent their anger straight on the Centre, the President and his team".

ROSSIYSKIYE VESTI on the work of the presidential election campaign headquarters.

In an interview headlined "When the team member were dropping with fatigue, Boris Yeltsin continued to work", Shamil Tarpishchev, Chairman of the Coordinating Committee for Physical Training and Sports, describes the functioning of the presidential election-campaign headquarters and the participation of Yeltsin's wife and daughter in that work.

Tarpishchev also dwelt on the preparations of a Russian sports team for the Atlanta Olympics. Touching upon financial support for the delegation, he said "the Olympians are fully provided for financially, although the States owes 182,000 million roubles and 22 million US dollars to us".

On relations with Korzhakov and Barsukov, he said "Do not let politics interfere with companionship".

ROSSIYSKIYE VESTI on the alignment of forces in the State Duma after the presidential elections.

"The Leftists will now have to make room for others" is the newspaper's main conclusion.

ROSSIYSKAYA GAZETA on neglected children.

The newspaper frontpages an article dealing with two purpose-oriented programmes for "The prevention of child neglect and juvenile crime" and "The Development of the Social Service for the Family and Children".

"Just as was the case 70 years ago, child neglect becomes the State's headache," the newspaper observes.

KOMSOMOLSKAYA PRAVDA on the vacancy of Defence Minister's position.

"The President ponders who should fill the vacancy after Pavel Grachev's departure. The Defence Ministry and the General Staff have poised themselves in expectation which has somewhat dragged on".

TRUD on corruption charges against some prominent military officers.

Lev Rokhlin, Chairman of the State Duma Committee on Defence, delivered a report in the State Duma on July 5, accusing prominent military officers of corruption and abuse of their official position.

Rokhlin maintains that the report is based on the results of an inquiry by the Accounting Chamber of the Russian Federation into relationships between the Defence Ministry and the financial-and-industrial corporation Lyukon. Some generals, who have nothing to do with the above-mentioned firm were also criticised.

CIS: Russian Minister Serov Cited on Cooperation With CIS

MM0907104096 Moscow ROSSIYSKAYA GAZETA
 in Russian 6 Jul 96 p 5

[Report by Sergey Karkhanin: "Russia Stops Being Donor. Valeriy Serov, Russian Federation Minister for Cooperation with CIS States, Thinks So" — from the "Economic Union Departmental Supplement" section]

[FBIS Translated Text] "If Russian 'Siberians' and 'Nivas' do not appear in the fields of Belarus and

Kazakhstan, then U.S. agricultural vehicles will, and on preferential terms at that," the minister noted when speaking in Government House a few days ago. Now, at a time when the retail market is being divided up, Russian economic policy is geared toward integration within the CIS framework. Last year, compared with the year before last, the volume of Russian trade turnover with Commonwealth states increased 15 percent, while in the first quarter of this year it went up 50 percent compared with the first quarter of last year.

According to Serov the notion that Russia will remain a donor to the CIS is hopelessly outdated. Our country has no spare money and an extra burden must not be placed on taxpayers in order to help neighbors. But there are the Commonwealth's debts to Russia, although it is planned to give neighbors new credits out of the funds being received toward payment of these debts. The purpose of this credit policy is to support our own commodity producers, especially those engaged in agricultural and transport machine building and machine tool building.

The Russian regions are successfully forging economic cooperation with partners from new foreign countries. A total of 264 agreements have been concluded, 21 of which are accounted for by Omsk Oblast, which has forged contacts with Ukraine, Kyrgyzstan, and Kazakhstan. Answering a question from ROSSIYSKAYA GAZETA, Serov stressed that Moscow, Vladimir, and Belgorod Oblasts, which are actively cooperating with CIS states, are operating within the framework of objective need. If Belarus needs Yaroslavl motors and Yaroslavl needs Belarusian products, the road to partnership will not be long and hard.

The treaty between "The Four," which is the Commonwealth's core, and the Treaty on an Association Between Russia and Belarus testify to the fact that integration is becoming stable, long-term, and irreversible. In Serov's opinion the Ministry for Cooperation With CIS States could assume responsibility for coordinating the work of sectoral and regional organs involved in the system of this collaboration.

Baltics: Baltic States, U.S. To Hold Joint Military Maneuvers

LD0907111896 Moscow ITAR-TASS in English
1005 GMT 9 Jul 96

[By Yana Makarova]

[FBIS Transcribed Text] RIGA, July 9 (ITAR-TASS) — The Baltic states and the United States begin joint manoeuvres on the Adazhi test-range near Riga on Wednesday. The purpose of the joint military exercises is to practice joint activities during peacekeeping operations.

The forthcoming manoeuvres are the biggest military event ever held in the Baltic region. The exercises will be held in the framework of the "Partnership for Peace"

program under a code name "Baltic challenge". During the exercises which will continue until July 18, 700 soldiers will carry out joint patrolling, be on duty at check-points and carry out general monitoring.

Organizers of the exercises declared that the United States intends to spend around one million dollars on the operation. The "Baltic challenge" exercises are expected to involve 320 servicemen of the U.S. Armed Forces, including naval marines of the Second Expedition Corps and national guards. Latvia will be represented at the exercises by 80 servicemen. Estonia and Lithuania will send 70 servicemen each. A total of 160 servicemen of the Baltic peacekeeping battalion will take part in the exercises as well.

Organizers of the exercises suggested that journalists attending the exercises sign a commitment that they would not make claims or file any lawsuits in the event of injury or death, or damage to their property. This is the demand made by the United States which said that this was standard terms of an agreement signed by the U.S. Army with representatives of the mass media during any military operations conducted by the United States.

CIS: Yeltsin, Primakov Discuss Russia-CIS Relations

LD0807132096 Moscow ITAR-TASS in English
1304 GMT 8 Jul 96

[FBIS Transcribed Text] MOSCOW, July 8 (ITAR-TASS) — Russian President Boris Yeltsin met Foreign Minister Yevgeniy Primakov on Monday to discuss the latter's upcoming visit to Turkmenistan and Kyrgyzstan.

Primakov is expected to fly to Ashgabat today to mediate the next round of intra-Tajik talks.

Upon his arrival in Ashgabat later today, Primakov will confer with Turkmen President Saparmurad Niyazov. On Tuesday, he is scheduled to have talks with his Turkmen counterpart Boris Shikhmuradov.

Primakov will also meet Russian diplomats, the commander of Russian troops in Tajikistan and members of the Russian community in that Republic.

He may also have talks with representatives of the Tajik opposition.

In the second half of the day on Tuesday, Primakov will leave for Bishkek for talks with Kyrgyz President Askar Akayev and Kyrgyz Foreign Minister Roza Otunbayeva.

Yeltsin and Primakov also discussed the Foreign Ministry's current work and "paid special attention to Russia's relations with CIS countries," the presidential press service said.

Russia: NATO Expansion Impact on Russia

96UM0503A Moscow GRANITSA ROSSII in Russian
19 Jun 96 No 23, p 9

[Article by Pavel Kandel, sector chief of the Russian Academy of Sciences Europe Institute, under the rubric "On the Other Side": "Why Such Haste Over NATO Expansion?"]

[FBIS Translated Text] During their visits to Moscow, both NATO General Secretary J. Solana and President of Poland A. Kwasniewski argued with their Russian counterparts that Central and East European [CEE] countries' entry into NATO is only a continuation of the course towards European integration. Although in this sense, membership in the EU and its defense structure—the WEU [Western European Union]—would seem to be a more logical choice. Also, another important motive remains diplomatically left out—"the Russian threat" (regardless of whether it is real, imagined, or deliberately exaggerated), since without it the geopolitical importance of the region drops sharply. Then the purely economic motives of expansion to the East come to the forefront, and the balance of potential gains and inevitable costs becomes far less attractive. And NATO too, having lost its imaginary adversary, loses the necessary incentive for consolidation and expansion.

In theory, combining the economic, political, and defense integration in Europe looks like a logical idea. Such is also the alliance's official position. In the document "Study of the Expansion Question" adopted by the NATO Council in September 1995, it is interpreted as a parallel process, mutually supplementary to the European Union's expansion through the addition of new Eastern members. There is, however, a qualifying provision attached to the statement: The two organizations' expansion will proceed autonomously and not at the same pace. Nevertheless, few give any thought to the true meaning of these words and real compatibility of the two processes.

For Central and East Europe countries' leaders, it is natural to think that NATO membership is an important step that will accelerate their acceptance into the EU. The NATO certificate in a way serves as proof of belonging to the Western world and provides new guarantees for foreign investors from foreign-policy risks. It seems to provide additional grounds for insisting on the right to "return to Europe" sooner, especially considering that the East European novices see EU membership like a mirage in a desert: The closer they move to this problem, the further away its practical solution lies.

Even FRG Chancellor H. Kohl, an ardent supporter of the EU's accelerated movement to the East, is now much more cautious when it comes to dates. His proposals range from suggestions to conduct active negotiations with Poland, Hungary, and the Czech Republic in the year 2000 to setting the year 2005 as a potential time

frame for their acceptance into the European Union. Other EU countries' leaders are even less enthusiastic. It took seven years of negotiations for NATO members Spain and Portugal, whose route the Central and East Europe countries would like to travel, to join the EU. On the other hand, Sweden, Austria, and Finland joined the EU while remaining outside NATO.

There is a variety of factors holding back the EU from opening its doors to the East. A necessary condition is to first implement reform of the system of institutions and the decisionmaking process. Even if this condition is met, presumably in 1996-1997, hard-to-resolve financial problems will remain. Today, aid to backward regions, provided through structural restructuring funds, and the common agricultural policy, which envisages considerable subsidies, consume two-thirds of the EU budget—\$104.8 billion. It is obvious that without a radical revision of the system of financing, EU expansion will require an increase in the common budget of 25-100 percent, which will affect the size of aid to the bloc's less developed members. The main recipients of such aid are Portugal, Greece, Spain, Italy, and Ireland, and the main donors within the EU system—Germany, the Netherlands, and Great Britain.

The question of accepting Central and East Europe countries into the EU invariably boils down to calculations of its potential expenses. Characteristically, another question remains practically outside the framework of this discussion: What will it cost the applicants to join the common European family? If there is no plan to extend to them the current socioeconomic development equalization mechanisms, they will have to assume the unbearable burden of catching up with the West European states on their own. That is why it is not accidental that we hear the suggestions for a 10-year or longer transition period for Central and East Europe countries or temporary restrictions on new members' rights in the area of agricultural production, labor force migration, and social support.

In this context, NATO expansion looks like a less costly undertaking. In the estimates of the British-American Security Information Council, European Security and Disarmament Center, and the American RAND Corporation, however, this will cost the West from \$7-10 billion to \$50-70 billion over a period of 10 years, depending on expenditures on improving military infrastructure in Central and East Europe. That there is an intention to create such an infrastructure is supported by the refusal to accept Moscow's compromise proposals: refrain from deploying nuclear weapons in the region and limit the alliance's expansion to the East to security guarantees for the applicants. West Europeans can count on sharing part of the financial burden with their overseas allies. But the United States, which tirelessly reminds them that there cannot be "consumers of security" in NATO, is unlikely to agree to the role of chief sponsor. The candidates for alliance membership also will have to come up with at least \$1.5-2 billion annu-

ally. For comparison, in 1995 Poland's defense budget alone amounted to \$2.6 billion, the Czech Republic's—\$1.025 billion, and Hungary's—\$641 million.

Thus, the main expenses on NATO expansion will have to be borne by the same West European countries, which already are having a headache trying to figure out how to minimize the damage caused their budgets by the EU expansion. They will not be able to finance both processes simultaneously. For Central and East European countries, a substantial increase in defense expenditures will cause a loss of the pace of economic growth—the only hope of achieving in the foreseeable future a level of development acceptable for the EU. Therefore, the coveted place in NATO is no more than a consolation prize for this region's countries for a long delay in achieving the status of full-fledged EU members. The need for such compensation, which allows for a strengthening of Western influence on CEE countries while keeping them in the EU "anteroom," explains the rush with NATO's eastward expansion.

In reality, however, expansion of the EU and NATO turn out to be not parallel and interconnected processes but alternatives to one another. With the currently envisaged timing in dealing with these two tasks, Europe perhaps will gain in the sense of strengthening its defense capabilities. But at the same time it will lose from the standpoint of security because of a sharp upset of strategic stability on the continent, which may force Russia to resort to a nuclear containment policy. And in this case, Europe's economic unity will remain nothing but a dream for a long time to come.

What Will Be Russia's Response to the North Atlantic Bloc's Expansion

At the end of April in Moscow the draft document "National Security Policy of the Russian Federation up to the Year 2000" was presented for public discussion for the first time. It was drafted by the office of the president's national security adviser, with the participation of representatives of various agencies and public groups, including independent experts and parliament members. It is expected that a presidential message to the citizens of Russia will be prepared on the basis of this document.

The emphasis in the document is on internal threats: regional ethnic separatism, exacerbation of interethnic relations, underdeveloped structures and instability of democratic institutes of power and administration, economic crisis, social issues, ecology, and others. Of the external threats, the national security policy's authors are most concerned with the prospect of NATO military structures moving closer to Russian borders.

In the opinion of Sergey Kortunov, representative of the presidential advisers group, Russia's response to NATO expansion will depend a great deal on the form in which this expansion will take place, if it happens at all. If this is the expansion of a political organization,

that will be one kind of response. If, however, it is a full-scale movement of NATO's military machine toward Russian Federation borders, naturally, it will be a different response.

Our military, noted Kortunov, will recommend to the country's political leadership a set of completely concrete measures. I think that the emphasis will be made on a stronger nuclear deterrent through different options. It is known, for instance, that not too long ago first the Soviet Union and then Russia undertook unilateral obligations on the liquidation and withdrawal of tactical nuclear weapons; this decision may be reconsidered. We also have another unilateral obligation, assumed by Gorbachev and reaffirmed by Yeltsin—elimination of our rail-based ballistic missile systems. Perhaps in the new conditions our military will suggest that we go back on this obligation.

And, finally, NATO's expansion, if it happens on a full scale—that is, with the military infrastructure expanded to the East and new alliance members assuming the corresponding obligations—will automatically explode the entire arms control regime, first of all the Treaty on Conventional Forces in Europe, which will simply become a dead document.

The process of NATO expansion to the East already is causing tremendous damage to Russia's relations with Western countries. For this reason we cannot speak realistically about ratification of the START-2 strategic arms treaty. The whole complex of agreements in the area of arms control and such, worked out with such difficulty, is now hanging in the balance.

"Russia's position regarding NATO expansion," added Sergey Kortunov, "has been approved in the form of the requisite directives of the Security Council under the RF President, which are to be carried out unflinchingly by all executive branch agencies. In principle, this is the position not only of the executive branch but of parliament as well. Practically all the political parties subscribe to it too—in other words, this is currently a matter of national consensus."

Russia: Commentary on Lebed, NATO Expansion
96UM0503B Moscow LESNAYA GAZETA in Russian
25 Jun 96 p 1

[Article by Valeriy Begishev: "Union of Two Politicians"]

[FBIS Translated Text] This was the way President Yeltsin characterized his alliance with Aleksandr Lebed, who had won 11 million votes in the elections. The latter had no objections, despite having told us, journalists, quite recently that he was still in a "transition state" between a politician and a general. Apparently, the Rus-

sian climate today is conducive to the quick maturing of political figures.

The first reaction of the majority of Russians appeared to be satisfaction. And in fact, the current situation in the country— thanks to which the normally indecent word "whorehouse" has become part of the lexicon of both journalists and political figures—has everyone fed up, except for a small category of people who directly benefit from this situation. Lebed, who has proclaimed law and order as the core of his program, has now been placed in a position enabling him to begin implementing his plans without waiting for the year 2000 elections. The authority given to him is very substantial, and he started using it immediately and very energetically. In addition, many decided (although it may hurt Yeltsin) that the incumbent president already has nailed down victory in the elections.

I have to say that the remarks I heard directly from Aleksandr Ivanovich do indeed inspire hope. I quote from the transcript of my recording:

Chechnya: "It is necessary to hold a referendum and ask the people of Chechnya what they think on this subject, and if such is their will, let them go in peace. We will be good neighbors. Today Russia needs peace, and first and foremost, as the first step along this road—it needs to stop the massacre in Chechnya and stop mafiosi score-settling at the state level."

The goal of military reform: "We should have a sensible, clearly defensive, military." Lebed advocates sharply cutting the number of divisions and fleets ("let there be 15 instead of 100, but fully manned"—right now, as is known, it is exactly the opposite).

Attitude towards NATO's plans to expand to the East, which have become the cause of certain tension between Russian and its Western partners: "It does not bother me... I will proclaim to the whole world that Russia will not longer fight anyone... I will find a way to drive this point home with American, German, French, and other taxpayers—that they will be paying absolutely enormous sums of money to sustain a raised fist against thin air... Therefore, if you are healthy and have enough money—be my guest, expand...."

All this was said (two weeks before the first round of the elections, though) about matters that are now under the direct jurisdiction of the new statesman. It is easy to understand the reaction of some military brass (and not only them), who still see the Chechens as a nation of bandits, who are aware that fewer divisions means fewer general-rank positions, and who habitually look at NATO as a potentially hostile bloc (let me remind

you that Yeltsin initially held different views, closer to what Lebed is saying).

The removal of Grachev and a certain number of his most obvious supporters (cheered by all flanks of Russia's political spectrum) does not mean at all that this kind of person will disappear completely from the president's entourage. They will certainly begin to weave intrigues around the new (and possibly chosen out of necessity) favorite. I am afraid that Lebed's personality will only aid this. The first few days' statements (for instance, the intention to "dump" the entire current membership of the Security Council—which, as is known, is the direct prerogative of the president) suggest that the general will try to grab as much "sovereignty" as he, in Yeltsin's famous impression, "can swallow." As a very unordinary figure, he will enjoy the considerable (perhaps even greater than the president) and benevolent attention of the press. "Well-wishers" will whisper to the head of state that he is being overshadowed by his aide.

At least one disagreement already has surfaced: Lebed has sharply criticized Yeltsin's decision to switch to a professional military: "Someone either stupid or very devious slipped him this draft edict." But this is not one of those edicts people are indifferent to—it is unlikely to be simply "swept under the carpet."

So the question of whether two bears can share a den is not an idle one.

Russia: Primakov Meets Yeltsin, Leaves for Central Asia

LD0807132896 Moscow ITAR-TASS World Service
in Russian 1241 GMT 8 Jul 96

[By ITAR-TASS Diplomatic correspondent Viktor Khrekov]

[FBIS Translated Text] Moscow, 8 Jul (ITAR-TASS) — A planned meeting between Russian President Boris Yeltsin and Foreign Minister Yevgeniy Primakov took place today. After the meeting the minister left for a three-day visit to Turkmenistan and Kyrgyzstan. Grigoriy Karasin, head of the information department of the Russian foreign ministry, said this in an interview with an ITAR-TASS correspondent.

The diplomat said Primakov and Turkmen President Saparmurad Niyazov will have a working meeting in Ashgabat the same day. On Tuesday he will meet with Foreign Minister Boris Shikhmuradov. The Russian foreign minister will also meet Russian diplomats, leaders of a military unit, borderguards, and members of the Russian community from Tajikistan. It is not being

ruled out that Primakov will meet with representatives of the Tajik opposition.

The Russian minister will leave for Bishkek on Tuesday for talks with Kyrgyz President Askar Akayev and Kyrgyz Foreign Minister Roza Otunbayeva.

Russia: Chernomyrdin on 'Friendly' Ties With Ukraine

MM0807153696 Moscow *RABOCHAYA TRIBUNA* in Russian 6 Jul 96 p 1

[Unattributed report under the "CIS: Day By Day" rubric: "Ukraine — Part of Our Soul"]

[FBIS Translated Text] In the next four years the Russian Government will cooperate actively with Ukraine in order to reestablish full and close, friendly relations, Russian Federation Government Chairman Viktor Chernomyrdin has stated.

"For us Ukraine is not just a state — it is a neighbor. It is part of our soul, and we would like to be together all the time, without at the same time encroaching in any way on its sovereignty," Viktor Chernomyrdin said. "We understand each other's difficulties and problems. Many Ukrainians are working in Russia today, not to mention the mixed Russian-Ukrainian families. In the next four years we will have a lot of work to do with our Ukrainian colleagues. As for our relations, then here we can talk about the very long term, irrespective of the fact that there are people who want to divide us."

The Russian premier cited his own family as an example of the closeness of the two peoples — Viktor Chernomyrdin's wife is Ukrainian — as well as the family of Ukrainian President Leonid Kuchma, whose wife is Russian.

Russia: Deputy Foreign Minister on Israeli Relations

TA0807145796 Tel Aviv *HA'ARETZ* in Hebrew 8 Jul 96 p B3

[Report on interview with Russian Deputy Foreign Minister Viktor Posuvalyuk by correspondent Yosi Melman in Moscow; date not given; first five paragraphs are *HA'ARETZ* introduction]

[FBIS Translated Text] Since Russia's Deputy Foreign Minister Viktor Posuvalyuk is an experienced diplomat and a graduate of the Soviet school of etiquette where every sentence is carefully chosen, his comments on the Yisra'el Ba'aliyah party's success in the Israeli elections are of great importance.

When speaking to senior officials in Moscow, one receives the impression that the Russian political elite has

an ambivalent attitude toward Yisra'el Ba'aliyah. They view the immigrants as semi-traitors who have abandoned their homeland. A kind of Russian version of the contempt felt by Israelis for their compatriots abroad. On the other hand, they are proud of the immigrants' success and regard them as Russia's ambassadors to Israel.

In our interview, Posuvalyuk began his remarks on Yisra'el Ba'aliyah with an anecdote. He recounted how on several occasions he had asked his Israeli friends why Soviet Jews arriving in Israel should find themselves at the bottom of the social ladder. "Last year an Israeli delegation, which included an important minister, arrived in Moscow," Posuvalyuk said. (Although he did not mention the minister's name, one could guess that the Russian deputy minister was referring to Yosi Beilin.)

"I asked him the same question," Posuvalyuk disclosed, "and his reply was that the Russian Jews, just like the Israelites when they left Egypt, must wander for 40 years before they can free their hearts of the vestiges of Communist slavery. Not only did I reject this assertion, but I was also offended and furious at him. I am glad that Natan Sharansky's party did not have to wait 40 years. I consider seven Knesset members [MK's] and two cabinet ministers to be a positive achievement. I hope that our contacts with them develop well."

I asked the Russian deputy minister whether he was not worried about the possibility that Natan Sharansky might be hostile toward his government?

[Posuvalyuk] The most important thing is that Natan Sharansky is not anti-Russian. When you are anti-Communist you oppose an ideology. When you are hostile to Russia you are acting against a great nation, and that is not advisable.

[Melman] You will therefore be pleased if a Russian immigrant is appointed ambassador to Moscow?

[Posuvalyuk] The appointment of an ambassador is a sensitive and complex issue which is the exclusive responsibility of the appointing country. I can only offer a small bit of advice. Your ambassador should not only know Russia and have a favorable attitude toward it, but also understand and support the Middle East peace process.

[Melman] Do you not fear that the attempts made by government elements to replace Ambassador 'Aliza Shenhar will bring about the appointment of a hostile Israeli ambassador?

[Posuvalyuk] First of all, we highly appreciate the efforts of Ambassador Shenhar. In our opinion, she is

contributing to the promotion of relations between our two countries, and we can sense her sincere desire to improve relations even further. Let me permit myself to express our appreciation for the good relations she has established with large parts of our population.

[Melman] Then replacing her will not be in the best interests of Israeli-Russian relations?

[Posuvalyuk] I am not authorized to answer that question or voice any position on the matter. [end Posuvalyuk]

It appears that the Russian deputy foreign minister is going out of his way to deliver a clear message with regard to the Yeltsin administration's attitude toward the new Israeli government. Posuvalyuk stressed that Prime Minister Binyamin Netanyahu will be invited to visit Russia in the near future. "We have taken notice" Posuvalyuk said, "of the positive statements issued by the prime minister, his aides, and Foreign Minister David Levi. They declared that they were not satisfied with the level of relations between our two countries and would strive to improve them. This is also our desire." Among other things, Russia's pleasure with the change of government in Israel can be attributed to former Prime Minister Shim'on Peres insulting behavior toward Moscow during Operation Grapes of Wrath.

Foreign Minister Yevgeniy Primakov arrived in Israel to help achieve a cease-fire and suggested using his contacts in Tehran and Damascus. His proposal met with an icy response from Peres. "Primakov offered to exploit all of Russia's clout," Posuvalyuk said. "He told your prime minister that it was Russia, not the United States, which maintains contacts with Hizballah and Iran. Primakov really wanted to help, but Peres told him that only the United States could be of assistance."

I asked Posuvalyuk whether the Russian Foreign Minister was offended?

[Posuvalyuk] Primakov has strong nerves, and he was not particularly hurt. Peres' reply simply amused us. Of course, there is no intention to downplay the Americans' importance, but even they came up with the wonderful phrase: Don't put all your eggs in one basket.

[Melman] So did the Rabin and Peres government disappoint you?

[Posuvalyuk] We observed that in their final months they did not devote to Russia the attention it deserves while the rest of the world began to understand that Russia is an important factor which cannot be ignored. There is also something else. I honestly recall that the basis for the resumption of Russian-Israeli ties was built

during Yitzhaq Shamir's government, as was the basis for the peace process. [end Posuvalyuk]

The feeling of satisfaction in the corridors of the Russian Foreign Ministry with the Likud victory is not only due to satisfaction with Labor's loss. It can also be given a different interpretation. Posuvalyuk, who was Soviet ambassador in Iraq, and the other makers of Russia's Middle East policy, headed by Primakov, aspire to return their country to its former status in the region. Russian has recently been trying to improve its relations with Syria and Iran. A slowdown in the peace process will necessarily harm American interests. This will increase Russia's status in some of the Arab world. Several days ago, Russia's Ambassador in Israel Aleksandr Bovin said that Primakov — whose career has been spent as a journalist, a researcher at research institutes, and head of the Middle East desk in foreign intelligence — is a "sympathizer of the Arab cause."

Such criticism by an ambassador of his minister should have caused a scandal. But Posuvalyuk remains, at least outwardly, apathetic. "Bovin," he says "is known for his unusual outbursts, and that is why we do not take what he says seriously."

Bovin's days on the job seem to be numbered. "I know that Bovin is building a cottage in the Moscow countryside," Posuvalyuk says with a smile and goes back to talking about Primakov. "It is true that he has deep sympathy toward the Arabs. That is obvious because of his history in those countries. He also takes into account Russia's national interests."

[Melman] Does Israel not have any part in those interests?

[Posuvalyuk] No, that is definitely not the case. I know that Primakov — and I have known him for 30 years — is not allergic to any state in the Middle East.

[Melman] Russian policy became tougher toward Israel recently. For instance, there is the Russian claim about "poor phrasing" in the Jewish Agency's request for the renewal of its permit to operate. Many in Israel believe that the Russian reaction is a punitive and retaliatory measure.

[Posuvalyuk] It is a pity that you are making so much fuss about that issue as though there are no important issues in the relations between us. In reference to the Jewish Agency, it is a problem of renewing the registration and receiving a permit. It should not be seen as discrimination and an anti-Israeli move. The demand to reregister is also put to American and Finnish organizations which do not stick to the terms of their permits. [end Posuvalyuk]

Nevertheless, later in his remarks, it transpired that the problem is more substantial. The Russian authorities are dissatisfied with the Jewish Agency's "Na'ale" immigration plan, which brings outstanding youngsters to Israel for extended learning periods. They believe that Israel is "snatching" the best youths and preventing them from serving in the Russian Army. "I was personally hurt by the fact that the agency deals with selection of our youths. Selection is a loaded word for you, so you should show sensitivity about that word."

[Melman] Do you want the Jewish Agency to halt its plan?

[Posuvalyuk] Negotiations are currently being conducted between the agency and our Justice Ministry, and I hope an agreement will be reached.

[Melman] You are putting up hurdles also in the defense field. The Foreign Ministry is opposed to approving an arms deal between Israel and China to refurbish Chinese Soviet-made transportation aircraft. Under the original contract, the Chinese need your permission. The Defense Ministry is prepared to approve it, but you are torpedoing the deal. Why?

[Posuvalyuk] That is not my field. In my view, it is unethical to modernize weapons systems manufactured by other countries.

[Melman] Will you agree to sell arms to Israel?

[Posuvalyuk] We are interested in increasing arms sales to the Middle East. We have an interest in selling you arms in large quantities, especially since military and defense cooperation has a political aspect that has to be taken into account. Our aim is to avoid seeing our interests in the Middle East harmed.

[Melman] What about the procurement of equipment and defense know-how from Israel?

[Posuvalyuk] We are manufacturers of excellent weapons, and your experts can vouch for that. What can you offer that we do not have? If a miracle happens and your experts develop something unknown to us, then we will consider the proposal. But I do not think that will happen. I always say that Russia has great and unexploited talent. I therefore honestly say that I do not believe that there is a future for defense cooperation between us.

[Melman] What is the most important message that you want to send to Israel following Boris Yeltsin's election?

[Posuvalyuk] Russia is a major power, and it pays to do business with it. The United States, Europe, and the entire world understand that now. It is not practical to ignore us. It does not pay for Israel to put all its eggs in the American basket. Do not forget that we are the largest country close to your borders. Russia's relations with Israel have reached an important

crossroads. The Israelis are a pragmatic people. I hope you will appreciate Russia's importance.

Russia: Afghans May Hand Captured Russian Pilots to Chechens

LD0907083696 Moscow INTERFAX in English
0800 GMT 9 Jul 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, July 9 (Interfax) — Russian pilots kept hostage in Afghanistan for almost a year may soon be freed and passed over to Chechen separatists under a preliminary agreement reached by assistant to the Chechen opposition leader Vakha Ibragimov in Afghanistan last week, sources close to president of the self-proclaimed Chechen Republic-Ichkeria Zelimkhan Yandarbiyev told Interfax Tuesday.

The seven pilots were taken hostage on August 3, 1995, when Afghan Taliban opposition movement aircraft forced the landing of an Il-76 aircraft of the Aerostan private air company from Tatarstan, Russia. The plane had been chartered by the Afghan government via intermediaries to bring ammunition from Albania to Kabul, Afghanistan, via the United Arab Emirates.

The Taliban conditioned the liberation of the pilots on an official statement on Moscow's non-interference in Afghan internal affairs and comprehensive information about Afghans who disappeared while Soviet troops were in Afghanistan.

The demands have been fulfilled but the Taliban continues to keep the pilots. However, it has not refused contact with representatives of the Russian Foreign Ministry and assistant to the Tatarstan president Timur Akulov. The Russian Foreign Ministry believes the Taliban is dragging its feet in order to restrain Russian political activities in the direction of Afghanistan.

Observers tend to consider the Taliban's agreement to hand over the pilots to Chechen separatists as another attempt by the Afghan opposition to put Moscow in an awkward position.

"The separatists will hardly hand over the pilots to the federal authorities without any preliminary conditions if the pilots are freed," said an observer.

Russia: Kalmyk President on His Meetings With Iraqi Leader

LD0807175396 Moscow Russian Television Network in Russian 1515 GMT 8 Jul 96

[Interview with Kalmyk President Kirsan Ilyumzhinov by correspondent Andrey Karaulov; place and date not

given, from the "Moment of Truth" program — live or recorded]

[FBIS Summary] In this 37-minute interview Ilyumzhinov expounds his views on philosophy, politics, the economy and chess, and recalls some incidents in his political and business life. Ilyumzhinov insists that he is close to his targets of attracting \$1 billion into the Kalmyk economy and of putting the republic on the world map. He rejects any accusation of dictatorship in his republic as a Moscow press invention.

Asked about his meetings with Saddam Husayn, Ilyumzhinov says: "One should not condemn or accuse one leader or another, particularly in another state, here I have to return to a question of ethics. What sent me to Saddam Husayn? Responsibility to the people, the Russian people."

"One should not forget that up until 1991, every fourth dollar in the treasury of the Soviet Union was an Iraqi dollar. We had 70,000 Soviet experts working there. The Americans did not like our close economic relations, or that two of the biggest oil powers, the Soviet Union — Russia — and Iraq were such close friends. For that reason the Americans started dislodging Russia away from Iraq, rather than from Saddam Husayn himself."

After talking of his respect for Husayn and the propaganda against Iraq, Ilyumzhinov is asked about money owed to Russia by Husayn, and replies:

"He owes the Russian treasury 10 billion [currency not specified]. At the same time, we go on our knees, crawl, and lick the boots of these American Toms and Sams, we have opened our factories and our strategic secrets to them, and so on. Everything has been opened up to them and to the International Monetary Fund. We are attentive to every single thing they do and say. But when it comes to Iraq or the fact that there are \$10 billion lying there... Saddam Husayn said to me: 'I do not understand your leaders at all. You go cap in hand to the West. Take what is here, I will give it to you. Remove the blockade and buy the oil.' Iraq exported about \$100 million worth of oil a day. 'Please take it. I am ready to give it to you.'"

Asked why Ilyumzhinov is doing the talking to Husayn rather than the Russian foreign minister, who is an old friend of his Iraqi counterpart, Ilyumzhinov says: "I have great respect and admiration for Yevgeniy Maksimovich Primakov. But I understand that he is in a very difficult position now. He only needs to express some dissatisfaction over the Near East, against Israel or the Americans, and he gets a storm of criticism and accusations against him. From the Israeli or American

authorities, do you think? No, they have said nothing. It comes from ours, the Russian press."

Russia: Greek-Turkish Dispute Affecting Russian Oil Shipments

MM0907101896 Moscow ROSSIYSKAYA GAZETA
in Russian 6 Jul 96 p 11

[Article by Artur Alekseyev: "If I Can't Have it, No One Else Will. Turkey Seeks to Stop Oil Coming Through Bosphorus"]

[FBIS Translated Excerpt] The altercation between Greece and Turkey over ownership of a number of islands in the Aegean Sea and its shelf is worsening. There were exchanges of fire again there in May and June between patrol ships and coast defenses of both countries, and the frequency of Turkish ships' violations of Greece's maritime borders markedly increased. The conflict in the region is indirectly aimed against Russia too, since the Russian and Caspian oil passing through the pipeline from Bulgaria to the Greek Aegean port of Alexandroupolis is actually intended to go via the Aegean Sea. [passage omitted]

Oil being transported to the Mediterranean region from Alexandroupolis has to go via the Aegean Sea, and the route goes near islands and waters disputed by Athens and Ankara. It is reasonable to suppose that the escalation of the Greek-Turkish conflict is actually intended to "block" the Aegean route.

The planned oil pipeline between Burgas and Alexandroupolis is governed by restriction imposed by Turkey in the Black Sea and Aegean straits against Russian tankers in 1994 on the pretext that they are allegedly "more accident-prone" and are an "environmental hazard." According to the figures of the Russian consulate general in Istanbul, these sanctions have cost Russia more than \$500 million, and the losses continue to grow. In May the Turkish Foreign Ministry confirmed that, for the same reasons, Ankara would not allow Russian Federation tankers to pass through the Bosphorus and Dardanelles, moreover that statement was made a few days after the signing of another Russian-Kazakhstani agreement on the export of oil from the Caspian region of Kazakhstan via Novorossiysk....

Clearly Turkey still intends to be the main "transit country" for Caspian oil exports, therefore it is placing obstacles in the way of other transit routes for that oil. Given the current situation in the Aegean region, both routes (via the straits and through the oil pipeline "bypassing" the straits) are effectively "closed" to Russia.

So the exacerbation of the situation in the Aegean Sea is directed also against Russia, to be more precise, against cooperation between the Russian Federation, Bulgaria, and Greece.

Political Issues

Russia: Yeltsin, Chernomyrdin Discuss New Cabinet, Chechnya

LD0907110996 Moscow INTERFAX in English
1027 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (Interfax) — Russian President Boris Yeltsin had a traditional meeting with Prime Minister Viktor Chernomyrdin in Kremlin today.

The sides analyzed preliminary results of the Russian presidential elections, sources at the presidential press service told Interfax.

They also considered key areas of formation of the new Russian Cabinet and principles to select new ministers.

The social-economic situation in Russia was also discussed.

Yeltsin and Chernomyrdin focused on the situation in Chechnya, and discussed the most recent conflict between Chechen rebels and Russian federal troops near the Chechen settlement of Gekhi on July 9.

The president reaffirmed the need for fulfillment of the peace plan on Chechnya.

Russia: Yeltsin Meets With Presidential Aides, Lebed

LD0807180596 Moscow INTERFAX in English
1713 GMT 8 Jul 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] Russian President Boris Yeltsin met with aides Monday to discuss the preliminary results of the presidential elections and set out tasks for further work.

In particular, they discussed ways to improve the structure of the presidential administration, including work of aides, with regard to the election campaign experience, presidential press office reports.

The aides said personnel decisions, to be made by the president in this connection, will be met with understanding, said the press office.

Yeltsin charged his aides with submitting proposals on a strategy of the implementation of the presidential electoral program.

On Monday, Yeltsin also met with his national security aide, Security Council Secretary Aleksandr Lebed. According to the press office, they discussed draft regulations on the Security Council. Yeltsin on the whole approved the draft and charged Lebed with preparing it for signing.

Observers in Moscow are confident that Yeltsin and Lebed also discussed a draft presidential decree on fighting crime in Moscow and the Moscow region. The document was analyzed at a three-hour-long meeting of a working group at the Moscow Mayor's Office late last week, attended by heads of all federal and Moscow law-enforcement agencies.

The meeting "was very difficult" and all its participants "thoroughly weighed their decisions," Lebed told Interfax. He described the composition of the working group as "very impressive."

According to Lebed, "the times when anyone could be detained, checked and then killed or imprisoned are gone. Now we have a law-based state, that is why we must ensure safe life for the absolute majority of people, while criminals should be scared. However, it must be done in accordance with the Constitution and law."

After the final variant of the decree is drafted, the group will discuss its signing with the president, said Lebed.

Earlier, during the first working meeting at the Moscow Mayor's Office on July 1, Lebed expressed hope that the decree will be finally agreed upon and signed by Yeltsin on July 8.

Commenting on the draft decree to Interfax, Moscow Mayor Yuriy Luzhkov pointed out its main provisions. Firstly, the draft envisages stepping up fight against vagrancy and begging, because "visitors" account for one in three crimes committed in Moscow, in particular, apartment break-ins, car thefts and street robberies, said Luzhkov.

He is confident that the State Duma must provide tougher anti-crime regulations.

Secondly, the draft decree sets out measures to fight corruption.

The issue was discussed at a Russian Prosecutor General's Office collegium Monday. Its participants proposed to work out a federal anti-corruption program.

They stressed the need to begin day-to-day thorough work to root out graft, instead of random attacks on it, an Interfax correspondent reports.

According to Russian Prosecutor General Yuriy Skuratov, corruption will exist as long as government exists, however it can be reduced by three years of painstaking work.

Skuratov told journalists after the collegium that he had charged local prosecutors with stepping up work to detect corrupt officials, irrespectively of their rank or position. Prosecutors will be held responsible for insufficient work in this direction, he said.

He believes that the spread of corruption in Russia poses a threat to its national security.

The information on corruption among top Defense Ministry officials, provided by Duma Defense Committee Chairman Gen. Lev Rokhlin, will be thoroughly studied, said Skuratov.

"It is our duty to check all information on crimes, both committed and planned," he said.

An appropriate legal assessment will be given to all statements made by Rokhlin, said Skuratov. According to him, part of the materials unveiled by Rokhlin was not news for the Prosecutor General's Office which is already working on them.

IF Note: Rokhlin made a sensational statement on financial fraud and other offenses in the Russian Defense Ministry at a State Duma session on July 5. He named various top military officials, including Chief Military Inspector of the Defense Ministry Gen. Konstantin Kobets, former head of the Defense Ministry's General Department of Military Budget and Financing Col. Gen. Vasilii Vorobyev, head of the General Staff's General Organization and Mobilization Department Col. Gen. Vyacheslav Zhrebtsov and Col. Gen. Dmitriy Kharchenko.

He claimed that former Russian Defense Minister Pavel Grachev was totally corrupt and had surrounded himself with spongers and thieves, while Defense Ministry officers grossly abused their powers.

Rokhlin told a news conference in Moscow Monday that he is prepared to bear personal responsibility before everyone mentioned in the report, if they believe his statements to be not true. According to him, each fact of corruption unveiled in the report was documented by the Russian Audit Chamber.

Skuratov also said that he will point out to heads of federal agencies that the presidential decree provisions on mandatory declaration of taxes are not fulfilled.

Bribery is the most widespread greed-based offense, with over 45,000 incidents registered between 1991 and 1995, First Deputy Russian Prosecutor General Yuriy Chayka said. According to him, this is only the top of the iceberg, because bribery is the most latent crime.

Prosecutors name banking as the most criminal sphere of the economy.

The Prosecutor-General's Office also uncovered facts of corruption in the State Property Committee, Health Ministry, Central Bank and the Interior Ministry, said Chayka.

Russia: Yeltsin Appoints Kovalev Chief of Federal Security Service

LD0907100496 Moscow ITAR-TASS World Service in Russian 0954 GMT 9 Jul 96

[FBIS Translated Text] [no dateline as received] — Russian President Boris Yeltsin has appointed Nikolay Kovalev director of the Federal Security Service, the head of state's press service reports.

Russia: Yeltsin's Spokesman Denies Rumors of Tikhomirov Dismissal

LD0907060896 Moscow INTERFAX in English 0559 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (Interfax) — The press secretary of the Russian president Sergey Medvedev has categorically denied rumors of the dismissal of Gen. Vyacheslav Tikhomirov from the post of commander of the federal force in Chechnya.

In a Tuesday interview with Interfax he said the president has not signed any decree on Tikhomirov's dismissal, neither is Yeltsin planning such a move.

According to Medvedev, such rumors only undermine stability in Chechnya and pose obstacles in the road to peace.

Russia: Chernomyrdin, Lebed Discuss 'Wide Range' of Issues, Chechnya

LD0807133096 Moscow ITAR-TASS in English 1313 GMT 8 Jul 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, July 8 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin and Security Council Secretary Aleksandr Lebed had their first working meeting in Moscow on Monday.

During the one-to-one meeting, which began at 15:00 and lasted about an hour, Chernomyrdin and Lebed discussed a wide range of social, economic, public and political issues after the presidential election, according to informed sources in the government.

Chernomyrdin and Lebed also touched upon the situation in Chechnya and the latter's participation in the work of a state commission for the settlement of the Chechen conflict.

The commission is led by Chernomyrdin.

Russia: Zyuganov's Bloc To Establish Formal Structures

MM0907091896 Moscow SOVETSKAYA ROSSIYA in Russian 9 Jul 96 p 1

["Resolution of the Council of the Bloc of Russia's People's-Patriotic Forces" adopted 6 July at session of the Council of the Bloc of Russia's People's-Patriotic Forces in Moscow]

[FBIS Translated Text] I. On the political results of the presidential election campaign

The Russian presidential elections held in June-July 1996 showed that:

— a two-party political system is really emerging in Russia expressed mainly by: the party of power and the bloc of Russia's people's-patriotic forces;

— the bloc of people's-patriotic forces, which matured deep within the political turmoil and vacillations of the last five years of Russian history, is a reality;

— the bloc of Russia's people's-patriotic forces was a requirement of life itself, and its creation and activity gave the left-wing movement a further increase of around 8 million votes;

— the basic ideas and provisions of the program documents of the people's-patriotic bloc formed the main part of the political declarations of practically all players in the presidential election campaign, including the party of power, which indicates their correctness and topicality for Russia today;

— the recent statements by representatives of the party of power are evidence that the bloc of Russia's people's-patriotic forces is a real political force that all sober-minded politicians can no longer fail to take into account;

— the present political, economic, and social situation of Russian society is such that it requires maximum consolidation of all healthy forces in Russia regardless of ideological affiliation and political sympathies with the aim of reviving Russia, and there is a need for constructive opposition;

— the "third force" has not emerged as an independent player in the political process and has no future in current conditions;

— the mass media engaged by the party of power and the financial oligarchy were the main perpetrators of information genocide aimed at suppressing democracy in Russia, as many international observers noted during the presidential election campaign.

II. Transcending the bounds of a single party is not a whim but the imperative of the time

Having begun by signing the agreement in support of a single candidate, the bloc of Russia's people's-patriotic forces grew into a serious political force uniting the broadest strata of the population. It includes around 150 different political parties, social movements and organizations, and representatives of various nationalities, religious creeds, social and professional groups, and creative unions united by a common desire to preserve and revive Russia. Its mobilization potential in the presidential elections was almost 30 million active voters.

However, the course of the election campaign showed that the huge potential of the bloc and its constituent parties and movements was not fully utilized, particularly with regard to campaign work among the noncommunist electorate. According to the estimates of various analysts, the bloc could win over 50 million votes from active voters.

At the same time, the sharp narrowing of the political spectrum and Russian society's desire to implement the new political system within a two-party framework indicate that transcending the bounds of a single party is not a whim but the imperative of the time.

People's-patriotic forces can counter an anti-Russian course on the part of any political forces only given still greater organization and coordination of action, on the basis of the principles of the freedom and equality of all players in the bloc without exception and on the basis of the principles of a mutual state of being complementary.

III. The organizational and political strengthening of the people's-patriotic movement and the enhancement of its role in ensuring Russia's emergence from political, economic, and social crisis

Recognizing that the bloc is a new and insufficiently formalized structure, it will be unable to resolve the tasks facing it without organizational and political strengthening of the bloc itself and of its regional and functional structures. To this end it is deemed necessary:

1. To transform Russia's people's-patriotic bloc into a socio-patriotic movement.

2. To elaborate the charter and program of activity of Russia's people's-patriotic forces for the immediate future, to elect the movement's leadership organs and its leader, and to approve the general title of the new sociopolitical movement created on the basis of the bloc of Russia's people's-patriotic forces at a congress of Russia's people's patriotic forces.

To examine draft documents at a session of the Council of the Bloc of Russia's People's-Patriotic Forces before 1 August 1996.

3. To finish structuring the bloc's regional organizations before 1 August 1996.

To hold a congress of Russia's people's-patriotic forces 7 August 1996 in Moscow.

To approve an organizing committee headed by N.I. Ryzhkov to prepare and hold the congress of the movement of Russia's people's-patriotic forces.

At the congress to examine the movement's ideology and approve the charter and program for its activity in the immediate future and longer term, and the movement's title and symbols, leadership organs, and chairman.

4. To prepare and submit to the Russian Federation Ministry of Justice all the requisite documents for registration.

5. To prepare proposals for establishing under the movement's central organ a periodical with an appropriate name.

Russia: Yasin Says New Government Not To Be Announced Before 9 Aug

LD0807162296 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 8 Jul 96

[FBIS Translated Text] The composition of the new government will not be announced before 9 August. This was said today by Economics Minister Yevgeniy Yasin who is currently on a visit to Austria. The minister recalled that the swearing-in ceremony of reelected president Boris Yeltsin was scheduled for 9 August.

Yasin categorically ruled out the possibility that representatives of the Communist Party will be included in the new government.

Russia: Human Rights Activist Kovalev in Intensive Care Unit

LD0907055096 Moscow Radiostantsiya Ekho Moskvy in Russian 0100 GMT 9 Jul 96

[FBIS Translated Text] Sergey Kovalev, the well-known human rights defender, is in intensive care in the Central Clinical Hospital. Yesterday he was taken to hospital after suffering a massive heart attack. Kovalev was intending to travel to England today to receive an honorary doctorate in human rights from the University of Essex.

Russia: War on Corruption Declared; Some Deputy Ministers Listed

LD0807202496 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 8 Jul 96

[From the "Novosti" newscast]

[FBIS Translated Excerpt] The Prosecutor General's Office today declared a war on corruption. Its outcome may affect the new composition of the Russian Government and the alignment of forces at the apex of political power. Attempts to fight corruption have also been made until now. But as a rule, this used to affect just the small fry.

At the commission meeting of the Prosecutor General's Office today, incidents were reported that can badly spoil the lives of many high-ranking bureaucrats occupying offices in the State Property Committee, the Central Bank, the Defense Ministry, the Interior Ministry, and the Tax Service.

Analysts are now speculating about the processes in the highest reaches of power that may expose the crimes of high-ranking bribe-takers and what this may lead to. We may witness even bigger scandals involving corruption in the immediate future. Its scale poses a threat to the country's national security.

[Begin recording] [Unidentified correspondent] Corruption is most widespread in the local authorities. However, as Yuriy Chayka, the first deputy prosecutor general, said, there were enough incidents involving abuses of office in the highest reaches of power.

[Chayka] Last year more than 1,000 crimes relating to privatization were uncovered. A series of crimes were committed by senior officials in the Central Office of the State Property Committee. At present, Petr Mostovoy, the first deputy chairman of this committee, is under an investigation. According to the evidence held by the investigating authorities, when he was a state representative in the Lenzoloto joint-stock company he abused his position to make changes to the company's constitution so as to allow a foreign investor to buy company shares at an artificially low price. This cost the state more than \$215 million.

[Correspondent] During the 1993-1995 period, more than 47,000 instances involving abuse of office were recorded. This includes 14,000 uncovered crimes of bribery. Yuriy Chayka believes that this is just the tip of the iceberg, because the latent crime rate in this sphere is very high. Bribery is widespread in the Interior Ministry, the Customs Office, and the Tax Inspection Office. According to the Prosecutor General's Office, the banking sector is the most criminalized.

[Chayka] Sitnikov, the chief of the Central Operational Directorate of the Bank of Russia; Argunov, the head of the Main Directorate of the Central (?Auditing Commission) for Altay Territory, (Butok), the Estonian branch chairman of the Central Bank, have been caught indulging in bribery.

[Correspondent] Apart from bribes for credit benefits, ordinary embezzlements and swindling are also widespread in banks.

In medicine and in the agro-industrial complex, on the other hand, the misuse of state credits is widespread. The law banning state officials taking jobs in the commercial sector is also being routinely violated.

[Chayka] Ivan Materov, Russian first deputy economics minister, Rakushkin, the deputy chairman of the [word indistinct] of the State Committee for Defense Industries, Vrapitskaya, the head of the Industry Department of the Russian Finance Ministry, had been on the board of directors of the same private enterprise in Sverdlovsk Region until the Prosecutor's Office intervened.

[Correspondent] Chief Military Prosecutor Valentin Panichev dwelled specially on army problems. The bureaucrats in uniforms have been selling off stolen army property and food. On the Island Russkiy there have been instances of servicemen starving to death, even after that major tragedy [sentence as received]. There are fraud incidents in the housing sector. For instance, the construction of military towns for the formations withdrawn from Europe has been funded in full both from Germany and Moscow. The apartments are also being sold for additional proceeds. The worst situation is now in army units to the east of the Urals.

[Panichev] In the Transbaykal military area, almost all the chiefs of the rear services have been found to be involved in corruption and abuse of their official powers. Major General Kuznetsov, the assistant of the area commander for financial and economic matters, took bribes to transfer illegally 1 billion rubles of the area funds to commercial structures.

[Correspondent] According to the Prosecutor General's Office, income declaration will considerably help combat corruption. Questions about the funds for the construction of cottages for new bureaucracy will then disappear.

[Prosecutor General Yuriy Skuratov] The little man is usually charged, whereas high-ranking bureaucrats are asked to change jobs with no damage for their welfare.

[Correspondent] On closing the meeting, Skuratov proposed that a federal program to combat corruption should be drawn up. At the same time, he stressed that

there is a need to move on from sensations to scrupulous and thorough work. For instance, this meeting was in preparation for three months. [passage omitted] [end recording]

Military Issues

Russia: Grachev, 'Aggrieved Men' Discuss Lebed's Maneuvers

MM0907080096 Moscow SOVETSKAYA ROSSIYA
in Russian 9 Jul 96 p 3

[Unattributed report under the "Talking of SCSE [State Committee for the State of Emergency] Plot No. 4" rubric: "At One of Grachev's Dachas"]

[FBIS Translated Text] We have learned from reliable sources that last Saturday [6 July] former Defense Minister Grachev gathered his entourage at his dacha. For some reason Army General Konstantin Kobets and Andrey Kokoshin, first deputy defense minister and secretary of state for defense, did not come to the meeting with the former head of Russia's military department.

Over tea at the dacha the "club of aggrieved men" who were described as "spongers and thieves" by Defense Committee Chairman General Lev Rokhlin in his report to the State Duma session Friday [5 July], noted that Aleksandr Lebed is currently performing two strategic tasks: He is pushing his own man for the post of defense minister, and is dealing a blow to the second echelon of the executive chain. They noted that certain commanders in chief and military district commanders, who for various reasons are not to the liking of the Security Council secretary, will be driven from their posts in the near future. Then the purge will also affect army and group staffs (first and foremost the former 14th Army).

In their conversation the "aggrieved men" mentioned that Petr Deynekin had also been included on the list of those to be expelled from the Ministry of Defense. It is claimed that the supreme commander in chief himself personally crossed his name off the list. Air Force Commander in Chief Deynekin was recently promoted to the next military rank — army general.

Although no constructive conversations about returning to power were conducted at Pavel Grachev's dacha, it cannot be ruled out that Aleksandr Lebed could be about to expose SCSE [State Committee for the State of Emergency] plot No. 4. In the opinion of foreign and internal analysts, any scandal or means of discrediting his opponents is beneficial to the Security Council chief. Establishing himself in authority, he is demanding

additional powers that he could receive by showing vigilance and concern for national security. However, it is difficult to say how the supreme commander in chief himself views this because, according to Sergey Filatov, speaking on Radio Liberty Sunday [7 July], the president will not appear in public until his inauguration in the first 10 days of August. He has already exceeded his plans for contacts with the press, according to Filatov.

Russia: Kobets Not To Sue Rokhlin; Denies Seeking Minister's Post

LD0907110696 Moscow Radio Rossii Network in Russian 1000 GMT 9 Jul 96

[FBIS Translated Excerpt] My colleague Vladimir Trushkovskiy has just contacted the office. He has been at a meeting with journalists called by Army General Konstantin Kobets, chief military inspector of the Armed Forces and deputy minister of defense. The topic of the meeting was the aforementioned [in earlier report] report by Lev Rokhlin.

[Trushkovskiy] Right at the start Kobets rejected the accusation against him and stated that all Rokhlin's steps had been an attempt to eliminate certain possible candidates for the post of defense minister. Kobets said that it was regrettable that Rokhlin had taken on the responsibility of deciding for the president who should become minister and who should not. It was doubly regrettable that he had used the platform of parliament to do so. Kobets added at this point that he had not wanted and did not want to head the military department. In his view, Rokhlin's actions were causing irreparable damage to the country's defense capability and to the authority and fighting capacity of the Army. [passage omitted]

It is also worth noting that Kobets does not intend to sue Rokhlin and believes there are more important matters, such as strengthening the country's defense capability and reforming the Armed Forces.

Russia: Rodionov Intends To Bring Action Against Rokhlin Allegations

LD0807154196 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 8 Jul 96

[FBIS Translated Text] Colonel General Yuriy Rodionov, the auditor of the Auditing Chamber, intends to bring an action against Lieutenant General Lev Rokhlin after his speech at the State Duma sitting on 5 July. Our radio station has learned that Rodionov stated this in a message to Rokhlin. It is demanded that replies regarding the accusations that Rokhlin made against Rodionov should be answered publicly.

At the same time, Russia's Prosecutor General Yuriy Skuratov stated today that evidence of corruption in the highest ranks of the Ministry of Defense, which were set out by Rokhlin, will be thoroughly studied. He thereby noted that some of the materials are not a discovery for the prosecutor's office, and the relevant work is being done on them.

Russia: Rokhlin, Prosecutor General Comment on Corruption Charges

LD0807175696 Moscow Mayak Radio Network in Russian 1428 GMT 8 Jul 96

[FBIS Translated Text] [Unidentified announcer] Last week General Lev Rokhlin, chairman of the Defense Committee, made allegations against a number of very high-ranking Defense Ministry officials and officers. Today he held a news conference at the State Duma. Here is what he drew attention to.

[Begin Rokhlin recording] All the allegations made in the report are based on Audit Chamber documents. These documents do not, of course, apportion personal blame. Only a court martial can do this. I am ready to bear personal responsibility toward each of those whom I named if they feel that anything I said is not completely accurate. That is the first thing I wanted to say.

Second, speaking on "Itogi" yesterday, Colonel General Yevgeniy Podkolzin, commander in chief of airborne forces, said that I was to blame for the destruction of the 131st Independent Motor-Rifle Brigade in Groznyy. That is precisely one of the reactions that I was expecting. I knew perfectly well what I was doing when I brought this matter up. I knew that my remarks would be followed up by the most improbable accusations against me, accusations for which there is not a shred of evidence. I do not intend under any circumstances to hold any more news conferences. I would like to warn you that this was to be expected. Much of what is said will be completely untrue. I have never commanded the 131st Independent Motor-Rifle Brigade, not for a single day, not for a single minute, not for a single second. [end recording]

[Announcer] One of reasons why Rokhlin made these sensational revelations was to prevent certain contenders from becoming defense minister. If Konstantin Kobets, for example, takes over from Pavel Grachev, this will be a mortal blow for the army, Rokhlin said. So I am prepared to make any sacrifice even though I know I will become a target for mud-slinging. However, if the Army gains from this, if only a little, I will put up with this. That is what Rokhlin said.

An enlarged meeting of the collegium of the office of the Russian Prosecutor General, attended by heads of law enforcement agencies and representatives of the executive and legislative branches, which was also held today, examined the most important question of measures to step up the fight against corruption. Our commentator Anatoliy Fedorov reports:

[Fedorov] It is no secret that corruption has spread widely of late and its tentacles have penetrated all sections of society. Russian Prosecutor General Yuriy Skuratov said in his introductory remarks. Corruption of public servants creates conditions for predatory theft of Russia's national assets and the smuggling and illegal export of strategic raw materials and hard currency. It is fertile soil for various kinds of financial abuse. Corruption has become a real threat to national security.

Col. Gen. Valentin Panichev, chief military prosecutor, made a very hard-hitting and forceful speech at the collegium meeting. During the last three years alone, the general said, 14,000 instances of bribery and abuse of office have been exposed in the Army and Navy — and you have to remember that such crimes are not at all easy to detect.

Commenting on these facts and the sensational statement to the State Duma by Gen. Rokhlin, the country's prosecutor general said the following in an interview with your correspondent:

[Begin recording] [Skuratov] Some of the evidence mentioned in Gen. Rokhlin's statement is nothing new to us. We are already investigating Lyukon before deciding whether to prosecute or not. This also applies to a string of other facts. However, there were some new things as well. So, unquestionably, we are legally bound to investigate and rule on all information about crimes or potential crimes, especially as these allegations were made at such a high level as the State Duma. Naturally, all the allegations made by Gen. Rokhlin will be carefully investigated and ruled on. There should be no doubt about that.

[Fedorov] The subject that is worrying everybody is the question of legal immunity for deputies and judges. As the facts show, nothing is as simple as it might appear at first glance. Will the law on legal immunity for deputies and judges be reviewed?

[Skuratov] Something has already been done in this respect. As far as people's deputies are concerned, the problem is not so acute now. Why? Because the Constitutional Court has issued a ruling that allows us to go ahead with criminal proceedings without seeking prior agreement. However, we have to notify the State Duma before taking the case to court.

As far as judges are concerned, the issue continues to be a pressing one. We are not happy with the Constitutional Court's ruling on Article 16 of the law on the status of judges, which gives us very little elbowroom. We consider that this decision was, to some extent, taken under pressure from the corps of judges. The procedures are too complicated. They do not help the fight against crime. So, we are going to ask the Duma to amend Article 16 of this law. Since the Constitutional Court refused to support us, we will ask the legislature to make the corresponding amendments. [end recording]

[Fedorov] Russian Prosecutor General Skuratov today called for the drafting of a national program to fight corruption and its earliest possible submission to the Security Council and the State Duma.

[Announcer] So, it appears that the authorities are determined to commence the war against corruption. The results will have to be awaited.

Russia: General Rokhlin Condemns Defense Ministry Corruption

MM0807114396 Moscow ROSSIYSKAYA GAZETA
(DOM I OTECHESTVO Supplement) in Russian
6 Jul 96 p ii

[Speech delivered by General Lev Rokhlin, "Russia Is Our Home" deputy, at 5 July State Duma session: "Battalions Ask for New Minister. It Would Be Desirable If He Already Had a Dacha, a Son in a Good Job, and a Mercedes"]

[FBIS Translated Text] In 1993 the Defense Ministry, in the shape of the Main Directorate for Construction and Billeting of Troops, signed a contract with the "Lyukon" firm, under which the 25-story apartment block with a 540-car underground parking garage, restaurant, and consumer service complex located in Severnoye Chertanovo would be transferred to the firm. In return "Lyukon" pledged to transfer 600 apartments to the Defense Ministry over the course of three years — from 1993 through 1995.

Over the past three and a half years the "Lyukon" firm has not transferred a single apartment to the Defense Ministry.

In this situation the Defense Ministry ought to have gotten angry, sued the firm, demanded material compensation, and ended all further relations with a "partner" which had been so unscrupulous, to put it mildly.

But the Defense Ministry did nothing of the sort. A new contract was concluded with the firm for the construction of not 600 but 6,000 apartments at Oktyabrskiy Settlement in Lyubertskiy Rayon.

Owing to low budget funding the Defense Ministry was only able to allocate "Lyukon" 1 billion rubles [R].

Unlike the Defense Ministry, for failing to carry out this new contract the "Lyukon" firm is levying fine sanctions against it in the amount of R118 billion, despite having done virtually nothing to build those 6,000 apartments.

And suddenly Army General Konstantin Ivanovich Kobets, the Russian Federation's chief military inspector, who by virtue of his position should be defending the interests of the Russian Army, its combat capability, and the combat training of the troops, and monitoring combat operations and many other aspects of the troops' activity, suddenly became a zealous defender of the firm.

K.I. Kobets submitted a report to First Deputy Defense Minister A.A. Kokoshin in which he sympathetically set out all the "Lyukon" firm's complaints and demonstrated the need to give it definite help. In connection with the Defense Ministry's lack of the requisite funds, he asked for settlement with the firm to be made in the shape of aircraft engines and other aviation equipment, simultaneously proposing that he be tasked with monitoring the "Lyukon" firm's construction of the apartments for the servicemen.

A short while later a similar report was sent to Defense Minister P.S. Grachev bearing the signatures of three officials — A.A. Kokoshin, K.I. Kobets (naturally), and Yu.N. Rodionov, Comptroller's Office auditor, whose duties in no way include resolving such issues, but merely monitoring them impartially.

And this report was signed and has subsequently been carried out on crippling contractual terms for the Army. The "Lyukon" firm is being allocated aviation equipment worth R60 billion which is being kept for free at Defense Ministry dumps (thereby creating favorable conditions for theft). The very content of the contract presupposes a fraud, since total funding is based not on the commercial value of the aircraft equipment being transferred, but on the basis of the price that the "Lyukon" firm successfully sells it for, without any controls on the part of the Defense Ministry. At the same time, additional onerous terms are being imposed on the Defense Ministry, which has to pay another 0.5 percent for each day it is late in remitting funding.

At the same time, the contract does not provide for any sanctions against the "Lyukon" firm in the event of its failing to meet its contractual commitments.

The contract on the 600 apartments in return for the 25-story block is also being reviewed. The Defense Ministry agrees that it is necessary to allocate not 600 apartments but only 516, and not in Moscow but in the

Moscow area, and not immediately but during 1996-1997.

Why has this criminal misappropriation been possible?

The basic reason is that (now former) Defense Minister P.S. Grachev was mired in corruption and had surrounded himself with spongers and thieves.

K. Kobets has not been zealously campaigning for the "Lyukon" firm's interests for no particular reason. His son is cofounder of the firm.

So why, once the aforesaid criminal machinations were uncovered, did Comptroller's Office Auditor Yu.N. Rodionov himself commit a crime by ordering that all documents relating to "Lyukon" be removed from the act? And, knowing about all the dubious activity of the firm, why did he sign the petition granting it new privileges?

In my opinion, the State Duma cannot stand aside from assessing the activity of its chosen auditor. At the same time, we have to answer the question: Why is Colonel General Yu.N. Rodionov still in military service, although legislation does not envisage the secondment of military personnel to the position of auditors in the Comptroller's Office?

You get the impression that the Defense Ministry leadership could do anything without worrying about the consequences.

The hard-line stance of P.S. Grachev and his entourage in protecting the Defense Ministry from any controls led to this. In four years nobody has been able to really check on the activity of the ministry leadership — none of its leaders has been seriously punished for abuses.

I have appealed on two occasions to Chief Military Prosecutor V.N. Panichev to try to get a response on the verification of the aforesaid facts. I finally received a finding that there are no problems with the firm and everything is fine.

Is there any hope that the Military Prosecutor's Office will be able to clean house with the Defense Ministry leadership and create the prerequisites for ruling out such phenomena? I would consider it expedient to hear a report at a State Duma session from the chief military prosecutor on the measures taken and being taken by the General Prosecutor's Office to restore order to the Defense Ministry's financial and economic activity.

At a time when soldiers are on hunger rations, when officers and NCO's have been waiting for apartments for more than 10 years or have not received any pay or compensation for months, and when there are no funds to pay for the burial of dead servicemen, those close to

the defense minister are literally creating an "uproar." Let me cite a few examples.

Some \$23.1 million obtained from the sale of ammunition in Bulgaria was paid by Colonel General V.V. Vorobyev, former chief of the Defense Ministry Main Administration for the Military Budget and Funding, to Deutsche Bank in Zossen in Germany and disappeared without trace. Despite a warning from the Central Bank of Russia, \$4.5 million was transferred to the Latvian Industrial Bank and was lost when it went under. There were also cases of the Defense Ministry issuing foreign-currency loans to the "Menatep" commercial bank at a time when priority expenditure for defense needs had not been funded. V.V. Vorobyev has still not been dismissed from the Armed Forces and has been regularly drawing his salary for more than seven months now.

Colonel General D.K. Kharchenko, a relative of P.S. Grachev's (his brother-in-law), criminally converted \$5 million into rubles and transferred them to the Military Insurance Company at 7-percent interest. At the minimum bank interest rate of 120-180 percent the Defense Ministry should have obtained R13 billion during this period — it actually received R830 million. The money has still not been repaid.

Colonel General V.V. Zhrebtsov, chief of the General Staff Main Organization and Mobilization Directorate, formed a battalion of "slaves" whose main task was to make money from building dachas, including four for him.

There is total chaos in the Defense Ministry Rear Services headed by Colonel General V.T. Churanov. All kinds of operations are being conducted through commercial firms.

There have been some enormous abuses involving the distribution of apartments and property sales. The Defense Ministry failed to receive around R5 billion in 1993-1995 merely by allocating the apartments of the general contracting construction organization at cost.

The hardware and weapons held by the former Western, Central, Northern, and Southern Groups of Forces, the Group of Forces in Mongolia, and the Baltic Military District were enough to wage a large-scale war with all of Europe. Now we do not even have enough for a local conflict in Chechnya. Where has it all gone?

Mothers are going mad with worry about their dead sons, cripples, and those who are fighting in Chechnya. While others are fearfully waiting for their turn to see their sons sent there.

Their sorrow and fears are entirely realistic. The Defense Ministry leadership, wrapped up in its personal

problems, has no time for the war in Chechnya. But it is hard to demand anything from your subordinates, if you are doing nothing yourself.

This is where the talents of Army General K. Kobets in carrying out his official duty ought to have come to the fore. But he had no time for that.

And can V.M. Semenov, commander in chief of the Ground Forces, and Airborne Troops Commander Ye.N. Podkolzin — who have sent virtually all their subordinates on tours of duty in Chechnya but have never themselves visited a single unit there — really influence combat operations in Chechnya? And why are they sending untrained officers and men there as "cannon fodder"?

The defense industry has been plundered and destroyed. Many enterprises which are inalienable parts of the technological process in the production of priority armaments have been sold off into private hands. And they have often been bought by firms, banks, and private individuals who have sprung up overnight and gotten rich quick by defrauding and robbing the country. They had one advantage — a guarantee of security if they belonged to power circles.

The defense industry and design collectives are now in a position where, if urgent measures are not taken, then, in the opinion of Western analysts, generations of Russians will in a year or two not have the wherewithal to restore their military-industrial potential to the level they had in the past.

These facts are just the tip of a huge iceberg of self-seeking and crime that has infected many power structures.

Over the past five years the country has become a world leader in terms of its criminal decline.

Most of the population recall the times when you could walk around a city right through the night without fear. They cannot understand why famous people are being systematically killed and, as a rule, the killers are not found, or why it is impossible to stop corruption.

Why should the world's richest country in terms of its natural resources, and one that formerly reached a high level in science and production, have to eke out a miserable existence? Why is our country currently like a bucket with a hole through which all of its assets are being whisked abroad, however much the people may try to prevent it? Why should we rejoice about a loan of 10 billion from abroad and yet allow the people's wealth — which runs into hundreds of billions of dollars — to be removed from the country by criminals?

People are increasingly losing faith in the ability of the authorities and, consequently, are supporting strong personalities and pinning their hopes on them.

That is why I wholeheartedly support Lebed's proposed candidate for defense minister — Colonel General I.N. Rodionov, whom I know well as an honest and purposeful man with a great deal of combat, practical, and scientific experience, and one who enjoys a great deal of respect in the Army and among the people.

It is particularly necessary just now to place competent, devoted, and unselfish people in key posts in the power structures.

Abuse of official position by the top leaders of power structures when it comes to utilizing their meager financial and material resources, appointing personnel, or getting servicemen involved in carrying out tasks for which they are not suited has a baleful effect on the troops' morale.

The departmental approach to the resolution of the power structures' problems has also not had the best effect on their training, equipment, and provision.

As a result, we have uncoordinated services enjoying different conditions and different levels of provision to military formations, which are unprepared to smoothly carry out their tasks of protecting the fatherland.

The specific features of power structures have always determined in one form or another the centralization of their command and control.

These facts show that the time has now come to revive the system of centralized leadership of power structures to ensure their survival.

This system is laid down in the draft federal law "On the Russian Federation Security Council Military Council."

We are talking about a Military Council, not a Defense Council, bearing in mind the need to unify command and control of all power structures ensuring not only the state's defense but its security. Otherwise, given the current level of funding, which meets only half of the requirements, there will inevitably be a collapse not only in power structures but also in the military-industrial complex as a whole.

Russia: Military Prosecutor Views Corruption in Army

LD0807141796 Moscow ITAR-TASS in English
1400 GMT 8 Jul 96

[By Olga Solodova]

[FBIS Transcribed Text] MOSCOW, July 8 (Itar-Tass)
— Law enforcement agencies launched criminal pro-

ceedings on charges of corruption in the army in 267 cases in 1995-1996, a high-ranking official said.

Russia's chief military prosecutor Valentin Panichev said that last year alone, 36 army officers were prosecuted and convicted for bribery and 30 more such cases are now being investigated.

Over 3,000 officials faced administrative punishment and several dozen officers had to leave the army.

Panichev believes that one of the reasons for growing crime in the army is the ineffective system of social welfare benefits for service people and lack of proper control on the part of the army leadership.

He noted that criminal elements are penetrating the army's logistics system and various ministries and agencies which deal with defence orders. They use the army as a source of arms, strategic materials and even cash, he added.

As an example, Panichev cited the construction of housing for the troops withdrawn from Germany. He said many apartments, which were built with the financial support of both Germany and the Russian Defence Ministry, were given to people who had never served in Germany.

The corruption scandal rocked the Defence Ministry again last week when Duma Defence Committee Chairman Lev Rokhlin accused the army leadership of corruption.

Speaking at a news conference in the State Duma on Monday, General Rokhlin, who took Grozny by storm, said outright: "I spoke up also for the purpose that some aspirants to the post of defence minister would not fill it." Rokhlin said he believes this would be "mortally dangerous for the army" if some of the bribe-taking generals assumed the post.

He said that the facts of corruption he had mentioned in the report were confirmed by materials of the Russian Accounting Chamber and that he was prepared "to bear personal responsibility to everyone mentioned in the report if he had been inexact in anything he said."

Earlier today, Russian Prosecutor General Yuriy Skuratov said that all facts of corruption among Defence Ministry top generals mentioned by State Duma Defence Committee Lev Rokhlin will be thoroughly investigated.

He called for a federal anti-crime programme to prevent and fight corruption in Russia.

Skuratov said he will call a conference of the leaders of all law enforcement agencies in the near future to

discuss and approve such a programme. After that it will be submitted to the Russian Security Council.

He stressed the need to use preventive measures more actively and improve the legal, scientific, methodological, organisation and financial support for anti-corruption measures.

Skuratov believes that the Security Council should coordinate anti-corruption fight at the federal level and hailed the work of its new head, Alexander Lebed, adding that "all that he is doing now helps the fight against crime."

He said he has already sent instructions to local public prosecutors to fight all forms of corruption "irrespective of positions." However, this may cause certain problems with deputies and judges who have immunity.

Under the a Constitutional Court ruling, law enforcement bodies can institute criminal proceedings against deputies, while permission for stripping them of their immunity should be requested right before the case goes to court.

The procedure is more complicated for judges and the Prosecutor General's Office intends to submit proposals to the Duma to change the procedure.

Russia: Time Seen as Opportune for Purge in Military Department

*MK0907075396 Moscow SEGODNYA in Russian
6 Jul 96 p 1*

[Report by Pavel Felgengauer: "A Great Purge Is Coming in the Military Department. Lev Rokhlin Accuses the Defense Ministry Leadership of Embezzlement and Incompetence"]

[FBIS Translated Text] That officials at the Russian Defense Ministry have been stealing a lot and for a long time is an open secret. Many military leaders have lived clearly beyond their means: Reports of the despicable machinations in the former Western Group of Forces in Germany, of luxurious dachas, cars, and so forth have recently been carried by almost all major Moscow newspapers. Furthermore, leaks from the Defense Ministry pointed to the inner circle of Army General Pavel Grachev as the main source of rampant corruption. The salaries of career military servicemen, including the generals, are not very high, and so the well-to-do corrupt officials became conspicuous against the general backdrop, and were presumably well known to everybody, especially at the ministry central office, and in the Moscow headquarters of armed services and branches.

After the defense minister's dismissal, his entourage lost a reliable cover, and further exposures became inevitable. The day after Grachev's ouster the State Duma Defense Committee's chairman Lev Rokhlin told your SEGODNYA correspondent: "In recent years any misappropriation at the Defense Ministry has gone unpunished. This cannot be tolerated any longer."

In his yesterday's report to the State Duma General Rokhlin accused Army General Konstantin Kobets, general inspector of the Defense Ministry, of assisting a firm, Lyukon, one of whose cofounders is his son, in carrying through dubious deals, that caused damage to the state. The firm undertook to build houses for military servicemen, receiving for the purpose a 25-story residential block in North Chertanovo [Moscow district] and aviation equipment, proceeds from the sale of which were to bankroll the project, but delivered nothing. [as published] Lev Rokhlin accused General Yuriy Rodionov, an auditor with the Chamber of Accounts and Kobets's former subordinate, and First Deputy Defense Minister Andrey Kokoshin of encouraging the housing project fraud. True, as your correspondent was told at Kokoshin's office, "the boss was the third to sign the letter approving the transfer of aviation equipment to Lyukon — after Kobets and Yuriy Rodionov — and was apparently not quite in the know. It's just one of those cases."

Lev Rokhlin also accused of corruption Colonel General Vasiliy Vorobyev, former chief of the Main Military Budget and Finance Directorate and a close associate of Grachev, who has on several occasions since 1994 been shown by SEGODNYA to "process" state funds in commercial banks, sharing the receipts with his bosses. This must be how many of the generals' dachas/mansions were built. According to Gen. Rokhlin two financial operations supervised by Gen. Vorobyev with a Deutschebank division in Zossen and with the Latvian Industrial Bank caused the state and the military department \$27.6 million worth of damage. In addition to Vorobyev, Rokhlin is accusing of corruption other ranking associates of the former defense minister: Generals Kharchenko, Zherebtsov, and Churanov. Gen. Rokhlin, who in January 1995 managed to reverse the course of the battle of Grozny in favor of our troops, believes that the Ground Forces' Commander in Chief Vladimir Semenov and Paratroopers Commander Yevgeniy Podkolzin are in no position to effectively direct their troops because they have never been to Chechnya, where their subordinates are fighting.

The bulk of the Russian military is not corrupt. Military officers do not stand at crossroads [apparent allusion to the GAI road police], and an overwhelming majority of them is offered no bribes. Now a group of honest

generals tries to use the current political situation to purge the military department of corruption and incompetence, that thrived under Grachev. Aleksandr Lebed and Lev Rokhlin propose General Igor Rodionov, who enjoys authority in the military and who is in no way connected with the former Defense Ministry leadership, as a new defense minister.

At the same time the Defense Committee proposes adopting a law on a Military Council under the Security Council. According to the committee, unlike the Security Council, the Military Council will be able to make decisions binding on the army and other Russian armed forces and, when necessary, also sit in the absence of its chairman: the president. True, the president may repeal any decision made by the Military Council. The main executive agency of the Military Council is to be the General Staff, which will be able to control and coordinate the activity of the armed formations of other departments. The structure of an analogous agency, tentatively named "Defense Council," was being elaborated by Yuriy Baturin's staff before he had to give his seat to Lebed.

A day after the second round a presidential aide told your *SEGODNYA* correspondent that "many are trying to persuade Yeltsin to appoint Igor Rodionov defense minister." The pressure is mounting, but the president has apparently not made a decision yet.

Federal Assembly

Russia: Duma Wants Yeltsin To Name New Premier Upon Inauguration

LD0907103296 Moscow INTERFAX in English
0925 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (INTERFAX) — Russia's State Duma will ask President Boris Yeltsin to present his candidate for new prime minister as soon as he is sworn in, speaker Gennadiy Seleznev told journalists on Tuesday.

Under the law the president has two weeks after his inauguration scheduled for August 9th to present the candidacy of new prime minister for approval by State Duma members. However, he can do this in the first days after he takes office, without extending this procedure for 14 days. The State Duma deputies intend to request him to do so to enable them to go on vacation in early August as planned.

The parliamentary vacations are already to be postponed because of the need to attend the president's inauguration and subsequently approve the candidacy of prime minister.

Russia: Kotenkov Urges Duma To Change Inauguration Law

LD0907094396 Moscow INTERFAX in English
0902 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (INTERFAX) — Presidential representative in the Russian State Duma Aleksandr Kotenkov has told Interfax he will work for the removal from the inauguration law of the provision permitting the organization of the inauguration ceremony in places other than the Moscow Kremlin.

The law vetoed by President Boris Yeltsin before the runoff elections will be submitted to the next session of the lower house.

Head of the Duma legislation committee Anatoliy Lukyanov has said the law will be discussed even though the reelection of the president has made the matter less pressing. He said the Duma is ready to accept "the formal comments of the president and approve a reworked version of the law."

However, Kotenkov said, the possibility of dual power in the country should not be permitted during the next elections.

In his opinion, only the big difference in the number of votes collected by Yeltsin and his rival Gennadiy Zyuganov in the runoff elections prevented a civic conflict.

"If the difference had been one percent or a fraction of a percent Communists would have immediately claimed that election results had been rigged and refused to recognize them," Kotenkov said.

Russia: Federation Council Doubts About Land Code Outlined

MM0307161896 Moscow SELSKAYA ZHIZN
in Russian 1 Jul 96 p 2

[Report by Yuriy Savin under the "Fact and Commentary" rubric: "The Federation Council Has Sent the Land Code Adopted by the State Duma to the Conciliation Commission: What Will Be the Upshot of the Discussion?"]

[FBIS Translated Text] After months of consideration the upper chamber of the Russian parliament has refused to approve the Land Code adopted by the State Duma in May. At its 26 June session the Federation Council resolved, virtually without discussion, to refer the document to the Conciliation Commission for further work to be done on it.

What, then, will be the object of agreement among the deputies of the two Federal Assembly chambers? The progovernment press is endeavoring to instill the idea that the deputies of the upper chamber will try to include provisions within the new version of the code that erect barriers to the free, that is to say, completely unrestricted, purchase and sale of agricultural land. However, the content of the discussion at the roundtable session on the topic of "Land Relations in Russia" at the Federation Council 25 June gives hope that the senators were guided by other motives.

These were articulated most pithily perhaps by Yevgeniy Savchenko, chairman of the Committee for Agrarian Policy. He is convinced that the document adopted by the State Duma fills in the majority of the gaps which have appeared during the implementation of land reform. However, questions concerning the admissibility and the boundaries of private ownership of land and the limits of land turnover do need further work to be done on them.

In Savchenko's opinion, the interests of the cause demand a rejection of the confrontational approach and recognition of the fact that the pattern of the forms of land ownership has changed in recent time: Private ownership of land, including land for agricultural purposes, has become a reality. Many peasant holdings enjoy ownership rights on their plots of land. The majority of the workers of reorganized agricultural enterprises have obtained certificates of the right of ownership of their plots of land, and it will hardly be advisable to revert to the ban on the private ownership of this category of plots of land; this will only make people distrust the state and the law. The idea was also expressed that a developed market in land, a system of granting credit against the surety of landed property (mortgage), and more carefully considered forms of taxation of landed property will be required sooner or later.

The representatives of the Federation Council and the State Duma and the other participants in the roundtable conference link the strengthening of the "market" thrust of the code inextricably with the strengthening of legislative regulation of the rights of private ownership and land turnover. Federation Council Chairman Yegor Stroyev, who opened the discussion, noted that the ill-considered or forcible introduction of private land ownership on a large scale by any procedure — whether from above or below — would be the most dangerous thing imaginable in Russia now. No state anywhere in the world can duck the issue of land use; states everywhere introduce their own restrictions in the interests of society.

The upper chamber speaker reminded people that throughout time, right up to the present day, the Russian peasants' path to the hell of an absence of land rights and social backwardness had been paved with the good intentions of the powers-that-be. There has not been a single day in Russia's history where agriculture has not come to Russia's rescue; it has always subsidized all other sectors.

The code's drafters will have to take account of both the immediate and the long-term consequences of the future document's wording. Stroyev reminded people that not a single previous reform, from 1861 [abolition of serfdom] on, has given the peasants land. While State Duma Deputy Vyacheslav Zvolinskiy cited the following example from the history of Palestine: Arabs sold their land, as a result Israel has kibbutzim on that land, and it is impossible to return it to the Arabs now. Professor Sergey Nikolskiy urged deputies to take a careful look at the future: Will we not soon repeat the situation existing in certain developed countries where large-scale public movements are beginning to buy up land from private owners for public use by various organizations? He also urged people to consider the following situation: Is there even one example whereby our state has set about regulating something and obtained a good result.

In short, those involved in the further work on the code are faced with a very difficult task. Winding up the exchange of opinions at the roundtable, Yegor Stroyev stressed that any further protraction of the discussion and decisionmaking will bring real agrarian reform to a halt. And everything must be done as quickly as possible to finalize and adopt the document and immediately prepare a package of other legislative acts augmenting, clarifying, and deepening the these processes. This will provide a real solution to the political and economic deadend we find ourselves in.

Regional Affairs

Russia: Chernomyrdin Discusses Chechnya With Federal Negotiators

LD0807132796 Moscow INTERFAX in English
1314 GMT 8 Jul 96

[FBIS Transcribed Text] MOSCOW, July 8 (Interfax) — Russian Prime Minister Viktor Chernomyrdin Monday discussed the situation in Chechnya with Russian First Deputy Prime Minister Oleg Lobov and leaders of the federal delegation at the negotiations with the Chechen separatists and Chechnya's leadership, head of the press-group of the State Commission for Chechen Settlement Sergey Slipchenko told Interfax.

Russian Nationalities Minister Vyacheslav Mikhaylov, Secretary of the commission Sergey Stepashin, Moscow-backed Chechen leader Doku Zavgayev and Chechen Prime Minister Nikolay Koshman attended the meeting.

Slipchenko said Chernomyrdin has commissioned members of the state commission to work out a program of actions for the settlement of the conflict in the second half of 1996.

The program is expected to be submitted to Yeltsin for confirmation after discussion by the state commission.

Meanwhile, a well-informed source in the commission told Interfax that Chernomyrdin would inform Yeltsin on the peace settlement in Chechnya on Tuesday.

The report to the president prepared by the state commission points out that the prevention of widescale provocations, the cessation of active hostilities and an exchange of POWs are the major results of the talks between the federal delegation and Chechen separatists.

"The negotiations also created a favorable background for the presidential elections on the territory of the Chechen republic," the report says.

The participation of more than 74 percent of Chechnya's voters in the presidential elections may be regarded "as recognition of Russia's territorial integrity and its constitution by the majority of Chechnya's population," the state commission said.

The peace process in Chechnya has entered its concluding stage, the source said.

"The negotiation process has prepared real conditions for a true inter-Chechen dialogue," the report says.

Russia: Tikhomirov Sets Deadline for Release of POW's

LD0807133796 Moscow ITAR-TASS in English
1328 GMT 8 Jul 96

[By Nikolay Zagnoyko]

[FBIS Transcribed Text] GROZNY, July 8 (Itar-Tass) — The commander of Russian troops in Chechnya, General Vyacheslav Tikhomirov, gave Chechen separatists until 18:00 (1400 GMT) Tuesday to release all prisoners of war and threatened to take "adequate measures" if they fail.

"If by 11:00 in the morning, (Chechen separatist leader) Zelimkhan Yandarbiyev's representatives do not make specific proposals and fail to return all prisoners of war, including Lyudmila Radimushkina, the head of Grozny's Leninskiy district, by 18:00, I will take ade-

quate measures," Tikhomirov said at a press conference in Khankala on Monday.

Russia: Tikhomirov Warns of 'Appropriate Measures' in Chechnya

LD0807172796 Moscow Russian Television Network
in Russian 1600 GMT 8 Jul 96

[Report by V. Fefilov; from the "Vesti" newscast]

[FBIS Translated Text] After returning to Grozny from Moscow this afternoon, General Vyacheslav Tikhomirov, commander of the joint group of federal forces in Chechnya, said that he remained in his post while the information about his transfer to another post, which was picked up by all news agencies, was clearly premature. The other piece of news claiming that Gen. Konstantin Pulikovskiy was taking over as commander of troops in Chechnya can be regarded as only partially correct. He was appointed first deputy commander. Konstantin Pulikovskiy is known in Chechnya as a fairly tough commander with extensive combat experience. From December 1994 to March 1995 he was in command of the Sever group, which took part directly in the heaviest fighting to take Grozny. Commander Tikhomirov said that the scope of tasks set before the federal forces in Chechnya will expand in the near future, and the appointment of Pulikovskiy as his deputy was obviously done to strengthen the positions of Russian servicemen in Chechnya.

Toward the evening, after a 90-minute conference with his aides, Gen. Tikhomirov gave an exclusive interview to the "Vesti" program.

[Begin Tikhomirov recording] A horrible incident took place yesterday when Lyudmila Nikolayevna Radimushkina, administration head of Leninskiy District, Grozny, was kidnapped by so-called unidentified bandits. It happened in Zavodskoy District. You are aware of the terrorist act against the head of Urus-Martanovskiy district. You are aware of the fact that (Storozhenko) was blown up by a mine in Shelkovskiy District. In other words, a hunt for people from the Zavgayev government has started. The actions by bandit groups are acquiring an anti-state nature. A whole series of terrorist acts has taken place. Our troops are constantly removing eight to 10 landmines from roads. Explosions and attacks against servicemen of the federal forces are continuing. The lives of honorable Chechen leaders are under threat: They are being shot at, blown up, or taken prisoner. I do not see any other option but to stop any contacts with the so-called opposition. I am telling Zelimkhan Yandarbiyev that at 0900 tomorrow he must provide explanations for all the above facts. By 1800 tomorrow he must return

the kidnapped persons by all means — first of all, the woman kidnapped in Grozny yesterday. Otherwise, after 1800 I will take appropriate measures. [end recording]

When I asked him to clarify what he meant by appropriate measures, Gen. Tikhomirov said quite sternly that you would hear them clearly as soon as tomorrow evening. The elections are clearly over and once again one can smell war in the air.

**Russia: Chechen, Russian Officials View
Tikhomirov's 'Ultimatum'**

LD0807165296 Moscow Radiostantsiya Ekho Moskvy
in Russian 1500 GMT 8 Jul 96

[FBIS Translated Excerpt] One of today's sensations was the statement by General Vyacheslav Tikhomirov, commander of the group of federal forces in Chechnya, who today issued an ultimatum to the Chechen armed opposition. [passage omitted]

The commander's statement looks particularly unexpected against the background of the peace talks that have been going at the very highest level for one and a half months.

However, Nationalities Minister Vyacheslav Mikhaylov, one of the heads of delegation at these talks, believes that today's statement by Gen. Tikhomirov will not harm the peace process. Moreover, the minister considers that today's ultimatum is an invitation to cooperation.

[Begin Mikhaylov recording] In the first place, I think that this is a response to the statement by Movladi Udugov and an invitation — instead of making statements — to sit down at the table and tackle the issues that were outlined in the agreement on the bloc of military questions. [end recording]

However, representatives of the Chechen side have a different opinion. Udugov, minister of information and the press in the government of Ichkeria, mentioned above by Mikhaylov, believes that the sides are now on the verge of resuming war.

[Begin Udugov recording] The Chechen side is appealing to Russia's top political leadership to undertake urgent steps to ensure the unconditional fulfillment of the Kremlin and Nazran agreements. Otherwise, complete responsibility for the possible tragic consequences will be borne by the Russian side.

The Chechen side once again states officially that it intends to strictly adhere to the Nazran and Kremlin agreements and will resolutely put a halt to any attempts to violate them. [end recording]

Evidently one should view today's arrival in Moscow by official representative Vagap Tutakov as yet another attempt by the Chechen side to organize a peaceful dialogue. He, himself, said that he intends to meet Security Council Secretary Aleksandr Lebed. However, the apparatus of the Security Council told Interfax that General Lebed does not plan to have any meetings with representatives of the opposition either in Moscow or Grozny. Let me remind you that in the near future the secretary of the Security Council plans to visit Chechnya, however no one is yet naming the exact date. It is not ruled out that this is because the specific questions that Aleksandr Lebed could tackle in Grozny have not yet been determined. This was acknowledged today in an interview with our radio station by Ruslan Martagov, press secretary of the head of the Chechen Republic.

[Begin Martagov recording] We are waiting not for the visit itself. We are waiting for Moscow and the Kremlin to determine the principle of its, Russian, statehood. In the final analysis, is this state to be have territorial integrity or not? Why all these intrigues and games with these separatists, which clearly lead to the continuation of these terrorist actions and kidnappings. We are waiting for the Kremlin to sort out its policy. It makes little difference to us whether Lebed or anyone else comes here. Lebed can come here only as the conductor of some single policy, and until such a policy exists — even if Yeltsin comes here another five times — nothing will change. [end recording]

A meeting between Prime Minister Viktor Chernomyrdin and the leaders of the federal delegation at the peace talks ended in Moscow's White House about two hours ago. In the opinion of the participants in the meeting, the process of achieving a settlement in Chechnya has entered the decisive stage and all conditions have been created for a real inter-Chechen dialogue. It is expected that tomorrow Viktor Chernomyrdin will report to President Boris Yeltsin on the process of the peace settlement in the northern Caucasus.

**Russia: Tikhomirov Does Not Rule Out Future
Replacement in Chechnya**

LD0807145596 Moscow INTERFAX in English
1437 GMT 8 Jul 96

[FBIS Transcribed Text] GROZNY, July 8 (Interfax) — Lt. Gen. Vyacheslav Tikhomirov, commander of the Russian federal troops in Chechnya, does not discount the possibility that Gen. Konstantin Pilkovskiy will take over the command of Russian troops in the breakaway republic in the future.

"It is quite possible that in the future (Pulikovskiy) will become the commander of the provisional joint group of Russian federal troops on Chechen territory," Tikhomirov told a news conference Monday in the Russian troops headquarters in Khankala on the outskirts of the Chechen capital of Grozny where he arrived together with Pulikovskiy.

Pulikovskiy will at present act as first deputy commander of the federal troops, Tikhomirov said, adding that this military position will be new for Russian troops in Chechnya.

The new post of first deputy commander has been approved "in order to strengthen the command of the group" of Russian federal troops in Chechnya, he said, adding that within the context of the present situation he had to deal mainly with "military-political problems."

Meanwhile, the staff of Russia's North Caucasian Military District, of which Tikhomirov and Pulikovskiy are deputy commanders, told Interfax that the appointment of Pulikovskiy as the new commander of the provisional group of Russian federal troops in Chechnya had been "all but decided."

"His nomination has been approved at all levels. However, the general needs some time to get acquainted with the situation," a source in the North Caucasian Military District staff said.

Russia: Pulikovskiy Appointment in Chechnya Seen as 'Political Move'

MM0907100696 Moscow IZVESTIYA in Russian
9 Jul 96 p 1

[Report by Viktor Litovkin under the "Appointments" rubric: "New Commander in Chechnya — General Pulikovskiy"]

[FBIS Translated Text] Lieutenant General Konstantin Pulikovskiy, deputy commander of the North Caucasus Military District, has been appointed commander of the Russian Federation temporary joint force in Chechnya by edict of the Russian president.

The general was born in February 1948. He has been in the Army since 1966. He is a graduate of the Armed Forces Academy and General Staff Academy with gold medal. He commanded the 40th Tank Division in the Baltic region and served in the North Caucasus Military District as deputy commander of an independent army and commander of an independent corps. Pulikovskiy will replace Lieutenant General Vyacheslav Tikhomirov, who may, according to the plan, become district commander.

The Defense Ministry describes the change of commander as routine, but unofficial sources believe it was probably a political move. Tikhomirov was regarded as a very tough commander, an advocate of the solution of the Chechen conflict by force.

Russia: Chechnya's Maskhadov Regrets Lebed Refusal To Meet With Rebels

LD0907111196 Moscow INTERFAX in English
1032 GMT 9 Jul 96

[FBIS Transcribed Text] SOUTHERN CHECHNYA, July 9 (Interfax) — Head of the Chechen rebel general staff Aslan Maskhadov regrets the intention of Russian Security Council Secretary Aleksandr Lebed to meet representatives of only the pro-Moscow Chechen leader Doku Zavgayev during his visit to Chechnya.

Maskhadov made the statement during a meeting with Lebed's envoy, who came to Chechnya to prepare the trip, sources at the rebel staff told Interfax Tuesday.

During that meeting the separatists reaffirmed their adherence to the Moscow and Nazran agreements (of May 27 and July 10) and accused the federal command of attempts to instigate resumption of hostilities in Chechnya.

However, the meeting was "constructive," said the sources.

Russia: Chechen Militants Fail To Reply To Federal Commander

LD0907064296 Moscow INTERFAX in English
0630 GMT 9 Jul 96

[FBIS Transcribed Text] GROZNY, July 9 (Interfax) — The commander of the federal force in Chechnya Gen. Vyacheslav Tikhomirov did not receive a reply by 9 a.m. Tuesday from the separatist leader Zelimkhan Yandarbiyev to his letter demanding explanations for violations of peace agreements.

The demand was made by the general Monday following numerous violations of the Moscow and Nazran accords.

Since May 27 when the ceasefire agreement was signed in the Kremlin separatists violated it 580 times. 47 federal servicemen were killed and over 200 wounded in the attacks and provocations.

In the general's opinion it is practically senseless to hold talks with separatists in such conditions.

Besides, the commander demanded the surrender of all captives to the federal side by 6 p.m. Tuesday.

"Otherwise the command of the joint force will apply adequate measures to the gangsters and get down to their destruction," Tikhomirov said.

Russia: Official Blames Chechen Rebels for 'Foiling' Peace Accords

LD0907105896 Moscow INTERFAX in English
1035 GMT 9 Jul 96

[FBIS Transcribed Text] MOSCOW, July 9 (Interfax) — Sergey Slipchenko, the leader of the press group of Russia's Commission for Settlement in Chechnya, condemned the Chechen separatists' attack on the Russian positions near the village of Gekhi and accused the armed opposition of foiling the peace agreements signed in Moscow on May 27 and in Nazran on June 10.

He told Interfax Tuesday that "the Russian side reserves for itself the right to take the most rigorous measures in response to the violations of the Nazran agreements."

He announced that the State Commission is to make a statement in connection with the serious situation in Chechnya.

He said Secretary of the Security Council Aleksandr Lebed is to meet with the leaders of the Russian delegation to the talks with the Chechen separatists.

Economic Issues

Russia: Yeltsin Signs Edict on Use of Foreign Labor
MM0807122196 Moscow ROSSIYSKAYA GAZETA
in Russian 6 Jul 96 p 8

[Russian Federation Presidential Edict No. 847, signed by President B. Yeltsin in Moscow on 29 April 1994: "On Additional Measures To Streamline the Recruitment and Utilization of Foreign Labor in the Russian Federation"]

[FBIS Translated Text] With a view to streamlining the recruitment and utilization of foreign labor in the Russian Federation, and to ensuring the priority right of Russian Federation citizens to job vacancies, I decree that:

1. Russian Federation Presidential Edict No. 2146 "On the Recruitment and Utilization of Foreign Labor in the Russian Federation" of 16 December 1993 (SOBRANIYE AKTOV PREZIDENTA I PRAVITELSTVA ROSSIYSKOY FEDERATSII, No. 51, 1993, p 4934) be extended to corporate bodies implementing on Russian Federation territory contracts concluded by them, with the exception of foreign corporate bodies which have sent their workers to the Russian Federation to install (or supervise the installation of) equipment supplied by them.

2. This edict comes into force from the date of its publication.

[Signed] Russian Federation President B. Yeltsin
[Dated] Moscow, the Kremlin, 29 April 1994
No. 847

Russia: Economy Minister Says Russia Needs \$900 Billion Over 15 Years

MM0807115996 Moscow IZVESTIYA in Russian
6 Jul 96 p 1

[Extract from book by Russian Economy Minister Ye. Yasin under the "Primary Source" rubric: "Economy Minister Yevgeniy Yasin: Russia Has a Vital Need for \$900 Billion in All"]

[FBIS Translated Text] The Russian economy's requirements for investments in structural restructuring over the next 15 years total \$800-900 billion. During the same period the country's internal potential (the accumulations of the population and of enterprises, and state investments) amounts to \$400-600 billion with maximum use of all reserves.

Consequently, the country is faced with a dilemma: Either to reconcile itself to depression and backwardness, having taken twice as long to modernize the economy (for others will not be standing still either), or to attract foreign investments. It is necessary to attract \$300-400 billion in investments over 15 years.

To date foreigners have invested \$6.8 billion in Russia, including \$1 billion in 1994 and \$2.8 billion in 1995. If the influx of foreign investments doubles annually, it will take a further three or four years to achieve a regime of annually assimilating \$10-12 billion, which is the minimum we need.

In all, direct foreign investments throughout the world totaled \$325 billion in 1995. Our share was less than 1 percent.

(From the book "How Is Russia's Economy To Be Boosted?" ["Kak podnyat ekonomiku Rossii?"], which has been prepared for publication)

Russia: Unsolved Economic Problems Concern Businessmen

MM0807125896 Moscow ROSSIYSKAYA GAZETA
in Russian 6 Jul 96 p 2

[Report by Igor Maksimov: "Are Lobbyists Moving Onto the Battlefield?"]

[FBIS Translated Text] Representatives of business circles, who assembled in the Russian Chamber of Trade and Industry following the second round of

the presidential election, had supported Boris Yeltsin's candidacy, but they do not assess B. Yeltsin's victory as a reason for euphoria, seeing it rather as the incentive for more active work on solving the urgent problems facing the economy.

Of course the new government has to bear the main workload. That is why, specialists believe, it should be composed primarily of professionals. Those assembled showed no particular enthusiasm for the idea of forming a coalition government. In their opinion, members of the cabinet of ministers should nevertheless be chosen primarily on the basis of their business-like qualities, rather than out of a desire to represent the whole political spectrum.

Many representatives of the executive authorities have in fact turned out to lack application and, although the government has adopted numerous decrees, the majority of them, according to the assessment of the "bigwigs of large-scale business," have remained on paper only. This kind of irresponsible attitude cannot be tolerated any longer, particularly in view of the imminent ordeals. Arkady Volskiy, president of the Russian Union of Industrialists and Entrepreneurs, sees the impending crisis in the monetary-financial system as one of these, and in his opinion the future government's main task will be to avert it...

Business circles are counting on the powers that be listening to their opinion and taking it into account. So far, the dialogue has been unsuccessful: Officials have ignored the viewpoint of the entrepreneurs, and all the various consultative organs, like the government Council for Entrepreneurship and Industrial Policy, have been formed "for the sake of appearances," so to speak. In this connection, Sergey Yegorov, president of the Association of Russian Banks, proposed to use the experience of France, which has a Higher Economic Council made up of representatives of large-scale business, and the country's president, government, and parliament are obliged by the constitution to examine reports drawn up by them, and find answers to issues raised in them. Those gathered greeted this idea with enthusiasm. Well, as the French say, "pourquoi pas?" — why ever not?!

Russia: Elections Seen as 'Catalyst' in Banks Crisis
 MM0907094496 Moscow SOVETSKAYA ROSSIYA
 in Russian 6 Jul 96 p 2

["The Newspaper KAPITAL on the Disastrous Price of Election Victory for Russia's Economy. After the 'Handouts' — SOVETSKAYA ROSSIYA headline]

[FBIS Translated Text] The newspaper KAPITAL, in its 5-9 July issue, published under the ironic headline "Winner Takes All" an article by Aleksandr Gubskiy

on the disastrous price of Yeltsin's presidential election victory for Russia's economy. This is what it says, in part: "According to preliminary figures, President Boris Yeltsin has secured reelection at the cost of titanic efforts. However, the most difficult part for him and for the government is beginning only now: Political instability and preelection "handouts" have provoked a large-scale budget crisis, the policy of squeezing the money supply has almost exhausted its potential, industry urgently requires structural changes, and the banking system is on the verge of heart failure. [quotemarks as published]

Three or four months ago, when election victory for Gennadiy Zyuganov appeared perfectly realistic, many economists thought that the economic realities would force the Communists to continue the present authorities' policy. However, experts close to government circles are now seriously considering proposals reminiscent of those that the Communists put forward in their election platform.

Although the government declares that it is ready to resolve the problems that have arisen by the fall, independent economists say that the state of the economy in the coming months could deteriorate and [sentence incomplete as published]

"The budget situation," which was never brilliant, has deteriorated significantly in recent months," Andrey Illarionov, director of the Institute of Economic Analysis, notes [quotemarks as published].

As long as it was not clear who would have power in the Kremlin, many companies stopped paying taxes. Some thought that Boris Yeltsin would probably let them off their tax debts after winning the election, others were counting on the "time of troubles" that could begin if the Communists came to power. As a result, according to the Russian Federation Government Working Center for Economic Reforms, the tax shortfall passed the 100 trillion ruble (R) mark, and of this, the debt to the federal budget totals around R60 trillion. In January-April 1995 the rate of collection of taxes paid into the federal budget was 11 percent of GDP. In the same period in 1996 it fell to 7.5 percent, reaching a "low" of 6.2 percent in February.

According to the calculations of the Institute of Economic Analysis, obtained on the basis of Finance Ministry figures, the federal budget deficit in April was 9.6 percent of GDP, while the consolidated budget deficit was 11.8 percent of GDP. The existence of a deficit three times greater than the parameters planned for the end of the year leads to an increase in borrowings on the domestic and foreign markets. In the first six months of

this year the total state debt increased by \$20 billion, including an increase of \$4 billion in the foreign debt and \$16 billion in the ruble domestic debt. Big money has to be paid out to attract these funds: From May 1993 through June 1996 the Finance Ministry has received from the sale of state securities a sum equivalent to \$14 billion, but it has had to pay out the equivalent of \$44 billion in income on these securities.

The Central Bank has to print money to settle the debts. According to the Central Bank statement of 10 June emissions for the budget in March-May 1996 totaled more than R25 trillion. "If you take into account Central Bank operations in January-February and June, total emissions have already passed the R50 trillion mark," Mr. Illarionov says.

In the opinion of many experts, at present the state securities market is ceasing to be a source of noninflationary funding for the state budget. According to the Central Bank statement, in April-May 1996 the bank acquired state securities worth R5.5 trillion. In the same two months the resources attracted from the state securities market to benefit the Finance Ministry totaled R6.5 trillion — that is, by far the greater part of the newly issued state securities were acquired by the Central Bank. The state budget deficit in those months was directly funded by the Central Bank, and not the commercial banks. This kind of financing smacks of printing money.

Commenting on today's situation in the economy, Economy Minister Yevgeniy Yasin stated: "It would all be fine if it were not for the elections.... To be frank, we were not expecting the election campaign to have such an influence on the economy."

"We have obvious problems in the financial sphere: under-collection of taxes, payment defaults, wage debts, which have begun to increase again," Mr. Yasin said. "These negative phenomena would not have taken place were it not for the economy's dramatic reaction to the upcoming elections, or more accurately to the Communists' possible victory."

However, certain independent economists believe that it is not a question of political cataclysms, but of the fact that the government's antiinflation policy, based on squeezing the money supply, has reached its logical conclusion.

"The main problem that must be resolved in the near future is the defaults crisis," Nikolay Shmelev, corresponding member of the Russian Academy of Sciences, stated recently. "Once again, as in 1991, the economy is returning to the medieval condition of barter in kind, only now payments are made in quasi-money —

promissory notes, treasury bonds. The country does not have the proper quantity of money: The money supply should total 70-80 percent of GDP, but in our country it is 7-8 percent. In combating inflation the authorities have made the economy go over to a barter system."

The lack of real money in the economy is fatal for commercial banks. The majority of commercial banks have pinned their main hopes on state securities, and any cataclysm in that market carries the threat of the collapse of the banking system.

"There are as yet no serious grounds for saying that the problem of diverting money from the real sector of the economy into the financial market is changing for the better," Vladimir Mayevskiy, professor at the Russian Academy of Sciences Economics Institute, says. "The growth in the budget deficit will prompt a further growth in emissions of state short-term bonds and federal loan bonds, and that will be such a mighty burden on the commercial banks that they simply might not have enough money to buy securities. As a result the Central Bank will either have to print money to buy state short-term bonds, or else the pyramid could collapse: Today 80 percent of each new state short-term bonds issue goes into extinguishing old issues and paying interest."

The "smoldering" crisis in the Russian banking system has been going on for more than a year, and the elections acted as a catalyst. According to statistics from the Central Bank of the Russian Federation, at present 430 banks (19 percent of the total number operating) are regarded as potential problems; documents for the revocation of licenses have been submitted for 105 of these, and instructions on the suspension of particular operations have been issued for 325. According to preliminary figures, as of 1 January 1996 these banks' balances totaled R60.5 trillion, or 9 percent of the total sum of the balances of all Russian banks; 499 banks (22 percent of those in operation) ended the year with losses. In 1995 85 new credit organizations were registered, while 225 organizations were stripped of their licenses for the right to banking activity. The Bank of Russia registered nine credit organizations and revoked the licenses of 30 banks in January-April 1996.

"The elections have certainly exacerbated the state of the banking system," Aleksandr Kozyrev, president of "Tveruniversalbank," says. "This took the form of it becoming more difficult to recover credits: Even tried and tested borrowers who have the funds to repay credit are in no hurry, waiting to see how the elections end."

However, there are not many "tried and tested" borrowers in Russia. The banks' crisis is largely due to the dire situation of their main debtors — industrial enterprises,

which, having received credits at high interest rates, are unable to pay them off.

"In production, the situation is not as good as we had planned — the decline has totaled 3 percent of GDP, and there was a fairly significant decline in May. But we are expecting this to be a short-term phenomenon which will be overcome in June-July," Mr. Yasin stated.

However, independent economists cast doubt on that assertion. According to Mr. Mayevskiy from the Russian Academy of Sciences Economics Institute, despite the fact that the lowest inflation was recorded in May of this year, the decline in investment activity in that month was 19 percent compared with May 1995.

"That is to say, the idea that investment activity increases as inflation slows down is not yet working out. It is quite possible that in the second half-year we will encounter an even more significant decline," Mr. Mayevskiy notes.

Both government and independent economists are confident that immediately after the elections the authorities will try to resolve budget problems and boost investment activeness by means of stepping up the state's role in the economy — that is, by the means proposed by the Communists — and not by developing private initiative. Mr. Shmelev, who certainly cannot be suspected of communist sympathies and who sharply criticized Genadiy Zyuganov's election program, even puts forward the seditious idea of reviving the Gosplan [State Planning Committee], albeit in a radically new form.

"For four years now the government has been unable to formulate a structural policy — there are no plans for rooting out inefficient production units and supporting efficient ones, the government swings from side to side," Mr. Shmelev says. "That is why I think we need the Gosplan — but not as the distributive ministry of the USSR era, but as a staff of brainy people who would predict the picture of development 20 years ahead."

Mr. Mayevskiy believes that the Ministry of the Economy, with appropriate restructuring, could take on the functions of such a "Gosplan."

"It appears expedient to step up the role of the Ministry of the Economy as coordinator of financial, credit, and price regulators, since these functions are today scattered between various ministries," in the view of Mr. Mayevskiy of the Russian Academy of Sciences Institute of the Economy.

An the cabinet seems to be planning a major internal restructuring: Last week Prime Minister Viktor Chernomyrdin stated that a plan is being drawn up for reorganizing the structure of organs of federal executive

power and will be submitted to the president after the second round of the elections. According to Mr. Chernomyrdin, "key attention" will be focused on the social and financial-economic spheres, and federal departments will be amalgamated to form major blocs which will be run by vice premiers.

Security Council Secretary Aleksandr Lebed, who apparently considers economic problems to be part of the security sphere that has been entrusted to him, also links his plans to a stepping up of the state's role in the economy.

Lebed's proposals for strengthening national security, published in NEZAVISIMAYA GAZETA, include the strengthening of raw material export controls, an increase in funding for the production of new types of weapons, and the control of specialists who possess strategic information.

"The document's main thrust is to strengthen state control to ensure investments, and here it does not diverge from state policy," Mikhail Delyagin, leader of the economic problems group at the Russian Federation President's Analysis Administration, stated.

The Security Council secretary proposes in his memorandum that foreign economic relations and pricing in the state sector be "taken under strict control. It is necessary to strengthen control of exports of raw material resources...and change the structure of taxes on extracting sectors and oil and gas exporters."

In Mr. Delyagin's opinion, the concept of "control" could include very different things: Control to ensure that 5 percent of exports do not stay in the hands of intermediaries is vitally necessary; but if it comes to export quotas, that is totally against government policy.

"We still have quite a few enterprises which are 100-percent state-owned and where the state has a controlling share," Mr. Delyagin goes on. "So if the state is going to dictate to its own enterprises how they should structure their price policy, that will be absolutely legitimate and correct. Indeed, the price regulation for the output of the fuel and energy complex and the natural monopolies which is currently being exercised is the embodiment of this very policy."

At the same time Mr. Lebed draws attention to the danger inherent in the constant recrediting of Russia in world credit institutions.

"That could lead to a situation where one 'fine' day the IMF simply deems it unacceptable to continue cranking up this debt spiral. And an end to this funding could lead to a crisis in the state's financial system. And then Russian banks will be unable to save their accounts

in foreign banks, because Russia's creditors could take very resolute measures — up to and including freezing Russian accounts abroad," the document says.

"I was rather alarmed by the passage about the IMF," a Russian economist who asked us not to give his name said. "It is not only the debtor who is dependent on the creditor, but vice versa. So there are always grounds for talks with the IMF so that things do not reach the point of bankruptcy for the Russian Federation — and it is only in the course of bankruptcy procedures that national banks' accounts abroad are sequestered."

Finally, Aleksandr Lebed proposes to change tax policy so as to distribute the burden of state revenue more evenly, to declare a tax amnesty for funds illegally exported, "and even, perhaps, to guarantee tax breaks for investment of such funds in the most capital-intensive

areas of production, and, in the event of a profit being obtained before term, exemption from profit tax."

"To change the structure of taxes, that is, to distribute the tax burden more evenly, is vitally necessary, because in our country today it is not only the small fry, but the giants who do not pay taxes," Mr. Delyagin of the Russian Federation President's Analysis Administration said, commenting on the general's proposal.

In answer to the question where the money is to come from to resolve budget problems, the Communists, in their election program, spoke about improving the rate of tax collection and toughening export and import controls. These are the measures that the present government is planning to use in quest for funds.

International Affairs

Ukraine: Kuchma Against Siting Nuclear Arms in New NATO States

LD0807191596 Kiev UT-1 Television Network
in Ukrainian 1800 GMT 8 Jul 96

[No video available]

[FBIS Translated Excerpt] The heads of state of central and eastern European countries are meeting in the Austrian city of Salzburg within the framework of the world economic forum. Ukrainian President Leonid Kuchma took part in the meeting. [passage omitted] For Ukraine, the Salzburg meeting is another step on the path toward the European Union, and is also a way of finding new investors for our economy. [passage omitted]

Apart from economic issues, the summit also discussed general European security issues. Ukrainian President Leonid Kuchma devoted most of his speech precisely to this subject.

[Begin Kuchma recording] The main task with regard to national security, both for our state and most probably for any other European country, is to ensure an external environment which virtually excludes the emergence of crisis situations capable of growing into interstate tension or even military conflicts.

Therefore, at issue today are not so much the classic guarantees of rendering international aid, repulsing possible aggression, and defending one's territory, but precisely guarantees that crisis situations will not emerge.

I would like to remind you that Ukraine became the first state which voluntarily gave up the third most powerful nuclear arsenal in the world, and, despite its economic difficulties, has fulfilled its obligations to the international community in full. Therefore, we have the moral right to raise the issue of the inadmissibility — even hypothetically — the deployment of nuclear weapons on the territories of new members of NATO. [end recording]

Ukraine: Kuchma Outlines Ukraine Security Guarantees at Summit

LD0807133896 Moscow INTERFAX in English
1214 GMT 8 Jul 96

[FBIS Transcribed Text] Salzburg, July 8 (Interfax - Ukraine) — Ukrainian President Leonid Kuchma addressed the plenary meeting of the Central and Eastern European nations' heads of state in Salzburg on Sunday to set forth Ukraine's view on her security guarantees.

The President listed among such guarantees, in particular, "unequivocal" assurances by the European Union, North Atlantic Alliance and the West European Union to the effect that their "planned" decision on expansion is not the final one as well as guarantees that doors will remain open for the nations which would like to join those organizations.

Among other guarantees Leonid Kuchma named respect for Ukraine's interests for the transition period and the first stage in the expansion of the European Union, NATO and West European Union. This means, according to Leonid Kuchma, development of social partnership relations with NATO, granting Ukraine the status of the WEU's [West European Union] associated partner, resolution of the issue of Ukraine's partially associated membership of the European Union and creation of a free trade zone with the EU.

The President described the gaining by Ukraine of a full-scale membership of CEFTA (Central Europe Free Trade Agreement) as the priority in Ukraine's co-operating with the regional organizations.

"Ukraine has the moral right to raise the question of inadmissibility of even a hypothetical possibility of the deployment of nuclear weapons in the territories of newly-adopted NATO member states," the Ukrainian President underscored.

Leonid Kuchma recalled he had earlier put forward the idea of a nuclear-free zone in Eastern Europe.

Addressing the meeting, L. Kuchma described as "crucial to Ukraine" her involvement into the "newly-created architecture of European security."

Ukraine, the President said, has come out with the idea that an ad hoc group to include representatives of leading European structures be set up to outline common views of present-day European security and a concept of "mutually complementary" European institutions.

Ukraine is currently actively cooperating within the framework of the OSCE, the Council of Europe, NATO, European Union and West European Union, seeking at the present-day stage "special and deepened relations."

The main objective of Ukraine's national security policy is to ensure such an environment which would make the emergence of crisis situations practically impossible, Leonid Kuchma said.

"A new degree of economic interdependence of European states should become a new reliable basis for the new European security system," the Ukrainian President believes.

The President reiterated that he viewed Ukraine's accession to the European Union as her strategic goal. "This is our choice and our path which we will never give up," President Kuchma emphasized.

Ukraine: Stockholm: Moroz Addresses OSCE Forum

LD0807203496 Kiev UNIAN in Ukrainian
1650 GMT 8 Jul 96

[FBIS Translated Text] Stockholm — As an UNIAN correspondent reports, Oleksandr Moroz, Ukrainian Supreme Council chairman, described as "one of the key problems" concerning the expansion of NATO, the drawing up of appropriate methods of providing security for those countries that are not raising the issue of joining NATO. He considers that the issue of not siting nuclear weapons on the territories of likely members of NATO and in those countries that are adjacent to them is an "exceptionally fundamental one for Ukraine." Ukraine also regards as significant the process of creating nuclear-free zones in the OSCE [Organization for Security and Cooperation in Europe] area, one of which could become the territory of Ukraine, which is a state that does not intend to join NATO.

Moroz stressed that, in connection with the creation of a new security system, Ukraine was proposing that additional security guarantees should be given to nonaligned and nuclear-free states. He said that these guarantees could be implemented in the form of agreements between leading European and transatlantic organizations within the system of general European security on the one hand, and states that are given guarantees, on the other.

Ukraine: Kiev's Proposals on European Security in OSCE Resolution

LD0807115796 Kiev UNIAN in Ukrainian
0910 GMT 8 Jul 96

[FBIS Translated Text] Stockholm [no date as received] — The OSCE [Organization for Security and Cooperation in Europe] Parliamentary Assembly's general committee for political issues and security has passed a resolution: "On a general and all-embracing security model for the 21st-century Europe," taking into account some of the proposals put forward by Ukraine. The resolution says the expansion of security organizations should not be an isolated process but should be regarded only as part of the process involving such a component as large-scale partnership between NATO, Russia, and Ukraine. The document says this partnership should be "aimed at creating a Europe without division lines."

A UNIAN correspondent reports that the committee did not support the proposal of the Supreme Council of Ukraine to hold a parliamentary conference of OSCE member states in Kiev with the aim of working out recommendations as regards the general security model for Europe. The members of the committee supported in general the need for holding this conference; however they agreed that this proposal should be worked up in standing committees of the OSCE Parliamentary Assembly. A provision that no country has the right to consolidate its security at the expense of other states and a provision on supporting the process of establishing zones free from nuclear weapons in Europe, were included in the resolution at Ukraine's request.

However, the general committee did not support Ukraine's proposal on the need to work out security guarantees for neutral, nonaligned states. Under the adopted resolution, an all-embracing security model for the 21st-century Europe should be agreed by the OSCE member states by the OSCE summit due to be held in Lisbon in December 1996.

People's deputy of Ukraine Anton Buteyko was appointed by direct vote to deliver a second report at the OSCE Parliamentary Assembly's general committee for political issues and security. Oleksandr Moroz, chairman of the Supreme Council of Ukraine will today take part in a debate on the future security model for Europe.

Ukraine: Lazarenko, Indonesia's Sudrajat Discuss Cooperation

LD0807165196 Kiev UNIAN in Ukrainian
1320 GMT 8 Jul 96

[FBIS Translated Text] Kiev — Ukraine is interested in maintaining cooperation with Indonesia in the rocket and space, power engineering, oil extracting, and petrochemical industries, Ukrainian Prime Minister Pavlo Lazarenko said at a meeting with the Indonesian delegation, led by General Edi Sudrajat, the defense and security minister of Indonesia. The prime minister said that thanks to this cooperation Ukraine and Indonesia could increase their trade turnover, which amounted to as little as \$53-\$55 million in the past two years.

For his part, the Indonesian defense minister said his country was keen to work jointly with Ukraine on "in-expensive projects," in the power engineering industry in particular, because Indonesia had no capability of building large power stations.

The Cabinet of Ministers has told UNIAN that the Indonesian delegation and representatives of the Ukrainian Government will discuss deliveries of armaments and military hardware and issues of military education, and will analyze the state of bilateral military relations.

National Affairs**Ukraine: Kuchma Signs Edict Releasing Defense Minister From Post**

LD0807161396 Moscow ITAR-TASS World Service
in Russian 1603 GMT 8 Jul 96

[FBIS Translated Text] Kiev, 8 Jul (UKRINFORM-TASS) — Ukrainian President Leonid Kuchma signed an edict today releasing Valeriy Shmarov from the post of Ukrainian defense minister after the latter tendered his resignation.

The 50 year old Valeriy Shmarov was appointed to the post in July last year. He has been a deputy prime minister since June 1993, and deputy prime minister-Ukrainian defense minister since October 1994.

Ukraine: Deputy Prime Minister Yevtukhov Released From Post

LD0807162796 Moscow INTERFAX in English
1621 GMT 8 Jul 96

[FBIS Transcribed Text] KIEV, July 8 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma on Monday dismissed Ukrainian Defense Minister Valeriy Shmarov, the presidential press service told Interfax-Ukraine.

Shmarov was freed of his duties at his own request, the presidential decree reads.

Shmarov was appointed defense minister on October 10, 1994.

Kuchma also issued another decree dismissing Vasily Yevtukhov as deputy prime minister in charge of the fuel and energy complex due to his transfer to a new job.

Ukraine: Expert Says Shmarov Firing Due To Poor State of Army

LD0807171596 Moscow INTERFAX in English
1702 GMT 8 Jul 96

[FBIS Transcribed Text] KIEV, July 8 (Interfax-Ukraine) — A Ukrainian military expert believes Defense Minister Valeriy Shmarov's dismissal was caused, among other things, by the unsatisfactory state of the Ukrainian army.

Various polls conducted among the military had showed that their trust in the defense minister was very low, the expert told Interfax-Ukraine in comment on Ukrainian President Leonid Kuchma's decree relieving Shmarov of his duties.

National democratic parties and movements have also sharply criticized Shmarov lately.

Shmarov, the first civilian Ukrainian defense minister, was known as a consistent champion of Ukraine's non-nuclear status. In particular, he participated in the development of the trilateral statement by the presidents of Ukraine, the United States and Russia on Ukraine's nuclear disarmament.

Observers in Kiev believe that one of the reasons behind his resignation was Kuchma's desire to take into account the views of national democratic factions before parliament votes on the candidacy of the new prime minister, Pavel Lazarenko, on July 10.

Experts in Kiev said Shmarov's resignation is unlikely to influence talks with Russia on the Black Sea Fleet, because Ukraine's position at the talks was formed by the president and the National Security Council.

Defense experts cannot yet say who the next defense minister will be or even suggest whether it will be a general or a civilian person.

Earlier, Deputy Defense Minister Ivan Bizhan, Environment and Nuclear Safety Minister Yuriy Kostenko and parliamentary Defense and Security Commission Chairman Vladimir Mukhin were named as being among possible candidates.

Ukraine: Lazarenko Probable New PM; Communists May Join Government

WS0907064196 Kiev INTELNEWS in English
0539 GMT 9 Jul 96

[FBIS Transcribed Text] Kiev, July 8 — A source close to the leadership of Parliament said Monday that Pavlo Lazarenko will be appointed as soon as Wednesday as Ukraine's Prime Minister for the second time in six weeks.

Lazarenko is already prime minister anyway, since his resignation last week doesn't take effect until a replacement is appointed.

According to the source, President Leonid Kuchma has officially submitted the candidature of Lazarenko for consideration by Parliament.

In compliance with the new Constitution, the new government shall be formed not later than September 28, three months following the passage of the Constitution.

The Constitution stipulates that the Prime Minister should be approved by Parliament at the request of the President.

According to the source, "Everything suggests that Lazarenko will be approved for the post of Prime Minister on Wednesday."

Lazarenko, who served as the governor of Dnepropetrovsk oblast before landing key posts in Kiev, has strong support in Parliament. He is backed by the Peasant Party, the Agrarians for Reforms group, the Yednist [Unity] group, the Inter-regional Deputy Group, and some communists and socialists.

In September 1995 Lazarenko was appointed First Deputy Prime Minister, and in May he replaced the ousted Yevhen Marchuk as head of the present government.

Lazarenko met Monday evening with representatives of Parliament groups and factions regarding the procedure of his approval as prime minister. Representatives of the Dnepropetrovsk lobby in Parliament attended the session.

If approved, Lazarenko promised to conduct consultations with representatives of different political forces in Parliament regarding the makeup of the new Cabinet of Ministers.

In conformity with the new Constitution, the President is to appoint ministers at the request of the Prime Minister.

According to the parliamentary source, the new government will be "the first coalition government in Ukraine." Participation of the Communist Party in the new government is a possibility.

Ukraine: Lazarenko Views Economic Crisis

WS0307115396 Kiev HOLOS UKRAYINY
in Ukrainian 22 Jun 96 pp 1, 13

[Unattributed report on speech by Ukrainian Prime Minister Pavlo Lazarenko delivered at the Professional Advancement Institute of the Ukrainian Academy of State Administration in Kiev on 14 June 1996: "Pavlo Lazarenko: 'From Announcing Economic Reform To Implementing Them in Real Life'" — first paragraph published in box]

[FBIS Translated Text] "Today, as the head of the Cabinet of Ministers, for the first time since my appointment, I present in such a representative forum the government's priority steps to implement the state economic policy determined by the Ukrainian president," Ukrainian Prime Minister Pavlo Lazarenko said, addressing students of the Professional Advancement Institute of the Ukrainian Academy of State Administration.

Previously, the prime minister noted on various occasions that there will be no changes in the economic course. These words were also confirmed in his address to students of the institute, not declaratively this time, but through determining further strategic ways to re-

form the economy. In general, the head of government determined six main directions in the Cabinet of Ministers' further work. These are:

- resolving the problem of budget replenishment;
- paying overdue wages and pensions;
- supporting domestic commodity producers;
- reducing the scope of the payment crisis;
- restructuring the coal mining industry;
- reforming the agroindustrial complex.

1. With meager contributions to the budget, it is impossible "to be well off."

The state treasury is empty today. There are at least three reasons for such a situation. The main reason is possibly an unbalanced budget, a hidden deficit inherent in the budget. Unfortunately, the government has no possibility today to balance the budget and to satisfy all economic needs, because this might only increase the budget deficit. In addition, this year's budget did not take into account the budget sphere debts connected with the 1995 payments. These debts must be paid in the first place. Due to this, as of 1 June 1996, the overdue wages in the budget-subsidized institutions amounted to 43 trillion karbovantsi [K], while in the entire economy wage arrears totalled K242 trillion. The third reason is in uncertainty regarding benefits connected with payments for energy resources, benefits not envisioned in the state budget. In order to cover the difference between [selling and buying] prices for only five months of the current year, it is necessary to find an additional K200 trillion.

The prime minister determined several directions for emerging from this crisis.

In the first place, it is necessary to rationally use budget funds. While not possessing real sources of revenues, it is necessary to reduce spending as much as possible. For this purpose, during 10 days in July, the Cabinet of Ministers was able to complete the elaboration of a resolution that was "circulating" between governmental offices for over seven months: According to this document, the total number of the ministerial and departmental employees is to be reduced by 10,200 people. Official transportation means also were limited. The above-mentioned measures will reduce budget spending by K10.8 trillion. The oblast and rayon administration apparatuses will also be reduced, with a subsequent strict adjustment of wage funds. New regulations regarding business trips were introduced; in the near future, considerable structural changes will take place in the apparatus of the Cabinet of Ministers itself.

It is impossible to balance the budget without removing chaos in the sphere of benefits. Over the last year

and a half, the Supreme Council introduced 14 amendments in the legislation currently in force, which in one way or another extended benefits for different segments of the population. The government, while realizing the necessity to maintain state assistance for war veterans, disabled persons, "Chernobyl people," Afghan war veterans, and other categories of people entitled to benefits, is against granting benefits to citizens who are employed and are paid higher than average wages. There should be no political disputes here. The economic effect following the adoption of such a resolution is estimated to be equal to K47 trillion.

It is necessary to consider the realm of ministerial activities. Ministries, after receiving the possibility to grant benefits to various categories of workers and to independently regulate their social consumption funds, have partly departed from reality. In particular, directives by Minister of Health Protection Yevhen Korolenko and his predecessor provided a possibility to inflate wages to K180-250 million. Due to the regulation of wages, it will be possible to save \$40 trillion in the budget.

"I would like to note," Pavlo Lazarenko said, "that the government will not use money emissions to cover the deficit." The Ukrainian National Bank credits were exhausted in the first quarter of this year; therefore, the bulk of revenue will come from sales of state securities and from other external sources.

2. In two months time, we will adhere to a strict schedule for wage payments.

Pavlo Lazarenko stressed that paying the wage arrears for budget-subsidized organizations and institutions as well as paying the pension arrears for pensioners are very important issues. Taking into account that presidential edict No. 333 of 12 May allows the government to use up to 80 percent of its revenues for paying wages and pensions, it is possible to forecast further development of events. As of 1 June, the wage arrears for employees of the budget sphere amounted to K73.5 trillion, while the real budget revenue in June will be equal to K142 trillion. This will enable the government during June and July — in all oblasts except for six that are subsidized by the budget — to reduce wage arrears to four weeks. Unfortunately, without adopting appropriate resolutions by the Supreme Council, it is impossible to reduce the gap in wage payments. Therefore, a gap equal to 25-30 days should be considered as the optimal resolution of the problem for today.

A mechanism to pay for holiday work has been elaborated as well. True, it cannot be put into operation in June, but over the three months the problem will be resolved.

"We also will find funds to finance summer health children programs," the prime minister continued. "The government is already completing the transfer of funds envisioned for these purposes by the president." According to Pavlo Lazarenko, the Cabinet of Ministers, too, is fulfilling its obligation to pay K7.5 trillion for publishing textbooks for the next school year.

3. The government will introduce a flexible customs and tariff policy to defend domestic commodity producers.

Pavlo Lazarenko assessed support for domestic commodity producers as the main direction in the Cabinet of Ministers' activity. For this purpose, a flexible policy of customs and tariff policy will be introduced. The government has already adopted a number of resolutions intended to buttress Ukrainian producers and create conditions in which they could become competitive on the domestic market. An urgent need to introduce such measures was illustrated by Pavlo Lazarenko with an example from the liquor and tobacco sectors. Until quite recently, considerable budget revenues were obtained from sales of liquors and tobacco products. Over the six months of 1996, 73 state and several non-state distilleries as well as 140 liqueur-and-vodka plants produced only seven percent of the spirits produced in 1993. However, one cannot say that Ukrainians have begun drinking less spirits. Thus, this problem needs to be resolved.

"By the way," the prime minister noted, "the state often loses due to official negligence." In particular, the Tax Inspectorate's resolution of 25 December 1995 stipulates that the owners of alcoholic beverage firms determine on their own the price and excise tax for drinkable or ethyl alcohol produced within Ukraine's borders with the use of nonrectified alcohol. Due only to this resolution, the budget lost \$756 million.

The other side of the problem is that, according to calculations by the State Customs Committee, the total of taxes not paid by entrepreneurial entities that were granted tax exemptions is equal to K139 trillion, including K18.8 trillion due to import customs duty, K87.3 trillion due to excise tax, and K33.9 due to the value added tax. Entrepreneurial entities have been granted tax exemptions primarily by the Law on the Status and Social Protection of Ukrainian Citizens Affected by Consequences of the Chernobyl Catastrophe. Importing alcohol and tobacco products is an issue around which permanent battles are being fought in the Supreme Council and interested circles are lobbying hard. The loss due to these resolutions during just the first five months of this year amounted to K139.9 trillion.

In order to improve the situation, a proposal will soon be made to speed up the introduction of domestic excise stamps and transit markings. "Along with this," Pavlo Lazarenko noted, "we will clearly and concretely inform the population about state losses due to the introduction of some amendment or another. This, I hope, will provide a possibility to cancel those exemptions which today are used on a mass scale in contravention of their intended purpose." The prime minister added at the same time that nobody would oppose the exemptions if they were granted to Chernobyl-affected people.

4. The payment crisis will be eased not at the expense of state reserves, but through restructuring enterprises and stimulating the production sphere.

As of 1 June, payable debt exceeded K4.5 quadrillion, increasing by 48 percent over the first five months of the current year. In order to reduce the scale of this debt to the optimal level — from the viewpoint of the macro- and microeconomy — a package of documents has been adopted, which envision:

- replenishing the working capital of enterprises due to the exemption of 10 percent of their income from taxation;
- postponing until 1 December the repayment of debts owed to the state budget;
- restructuring the debt for consumed gas from the Russian Federation;
- exempting debtors from the payment of fines for tardy settlements and rescheduling the term for repayment of financial assistance;
- increasing by 15-25 percent the funds for covering urgent needs of enterprises;
- conducting the indexation of the book value of fixed capital.

According to expert calculations, the total effect following the implementation of these measures will exceed K1 quadrillion.

Therefore, possibilities to ease the payment crisis from state reserves, particularly in the budget, has been practically used up. Further orientation toward these sources may sharpen the payments crisis due to an insufficient financing of budget expenditures. The main path toward resolving this problems lies in another sphere. This path means restructuring enterprises and stimulating production.

Of the entire set of problems, two should be singled out:

- the search for and implementation of the most effective forms and methods of privatization;
- restructuring through the mechanism of bankruptcy.

Pavlo Lazarenko noted that privatization is conducted in such a way as to not only fulfill the state's obligations to the population, but also to obtain the cash necessary for the domestic economy. The state will continue selling blocks of shares in enterprises only following specific investments projects and obligations on the part of strategic investors. According to the head of government, such investment programs will become components of buying-and-selling agreements and will provide for increasing production effectiveness, preserving jobs, and supporting public facilities. The past year's experience testified to the viability of this practice. Last year, due to international competitive sales of blocks of shares belonging to the state in the privatized property, \$107 million worth of investments were attracted.

Great importance also is given to the institution of bankruptcy. However, it is necessary to note that the point is not in closing down enterprises, but in applying a procedure that enables finding new investors and owners, clearing the debts of the enterprises, and decreasing production costs through the reorganization of enterprises and the transfer of public facilities to local authority bodies. In order to work out, implement, and develop all the above-mentioned mechanisms, an Agency for Issues of Restructuring and Preventing Bankruptcy of Enterprises and Organizations is being created.

The institution of bankruptcy will become a key to resolving many problems. For instance, regardless of how many discussions were devoted to the need to reduce energy use, all this had so far remained in the sphere of declarations. Enterprises consume electricity without paying for it. Today the total debt for electricity amounts to K311 trillion.

5. The restructuring of the coal mining industry.

To speed up the restructuring of the coal mining industry, the government will work out guidelines in coordination with the Ukrainian president.

First. Thirty mines has been selected to be closed down due to their losses. This project has already received K1 trillion for its implementation; in total, K13 trillion were envisioned in the 1996 budget to implement these measures.

Second. A list has been compiled, including mines that do not need financial assistance and, regardless of their own desire, should operate on their own. Other mines, whose number also has been determined, need support and will receive it through the Fund of the Fuel and Energy Complex.

The government will pay particular attention to using state support as efficiently as possible. It is generally

known that over 50 percent of this assistance has been wasted. Moreover, coal mining associations sent their production to suspicious commercial structures without being paid even for six months. Often it was clear even at first sight that coal was sent to fictitious structures that would disappear immediately after the coal was received. Therefore, an agreement has been concluded with the miners: Prior to taking this people into the streets and announcing that the government owes them, the miners should enable the Cabinet of Ministers to examine the situation and find culprits.

Third. The development of the coal mining industry. For this, it was envisioned to buy equipment and put 93 [coal] faces in operation, which requires K17 trillion. Commercial banks will give K10 trillion in credits, but only to develop the branch, not to pay wages.

Fourth. In order to support the coal mining industry, the government earmarked K18 trillion (K6 trillion has already been transferred) for the purchase of coal to establish a state reserve. Aside from everything, this will enable collecting a necessary reserve of coal for the October-December period this year. Due to the lack of this fuel, there was no possibility to produce electricity, and this caused a decrease in production.

Fifth. The government has already signed a resolution on the subsidizing of the social sphere in mining townships by local council budgets. This process is to be conducted integrally, not in parts, as it is being done now: first communications, subsequently kindergartens, and so on. This resolution will be supported by the government with K1.5 trillion.

The resolution of problems in the coal mining industry, according to Pavlo Lazarenko, will require three years.

6. Reforms in the agroindustrial complex.

Unfortunately, due to weather conditions, one should not expect high crop yields this year. This year, the entire south has remained without grain; a difficult situation exists in the Kherson and Zaporizhzhya regions, Odessa, Mykolayiv, the Cladnester region, and Kirovohrad Oblast. However, the cereal yield will not be lower than last year. There is a possibility to purchase 5 million tonnes of grain for the state reserve, and nearly 2.5 million tonnes through regional state contracts.

The supplies of equipment will be accelerated. An agreement has been signed on a supply of 1,000 "John Deere" harvesters. Work is being conducted to involve Western European firms in the production of components for imported equipment on the basis of the Kherson Harvester Plant. It is no secret that nearly 1,000 harvesters were idle last year due to a lack of parts. Negotiations are being conducted to open a credit

line and joint production of tractors in Kharkov or at the Pivdenny Machine Building Plant, with a planned capacity of 12,000-14,000 tractors annually.

Serious claims have been recently addressed to the government in connection with the non-allotment of funds for social development. Now K25 trillion has been envisioned for these measures. However, until 1 September 1996, the government will not be able to open new financial lines, because the overwhelming majority of funds is directed to paying pensions and wages and financing the interstate order [mizhderzhavne zamovlennya]. "I am speaking openly to you," the prime minister said, "it is necessary to wait until 1 September."

Dividing land into shares is a very important problem. Dividing land into shares should be conducted in such a way as to enable everyone who works the land to become a shareholder, to become a landowner. Although the issue of land ownership will be written in the new Constitution, Pavlo Lazarenko thinks that "we have to go through dividing land into shares" to give every peasant his capital.

In conclusion, Pavlo Lazarenko stressed that "after announcing economic reforms we will pass to implementing them in real life."

Ukraine: Coal Miners Strike Continues; Wage Negotiations Begin

*LD0907100896 Moscow INTERFAX in English
0918 GMT 9 Jul 96*

[FBIS Transcribed Text] DONETSK, July 9 (Interfax-Ukraine) — Ukrainian miners today continue to block the main highways in Donetsk, demanding that the debt on wages be paid to them, the Donetsk City Strike Committee has reported, adding that motor traffic has halted in yet another coal-mining center of Yenakiyevo.

According to the committee, a delegation of local officials, led by the Donetsk region's governor Vladimir Shcherban, has gone to Ukraine's capital Kiev to resolve the wage debt problems.

Before Shcherban's return, committee member Yuriy Makarov explained, miners will not stiffen protest actions and will refrain from sealing off railways and the route to the airport.

According to the strike committee, more than 70 of the republic's 227 coal mines are on strike.

According to the Ukrainian Coal Ministry, of the 73 mines on strike, 42 are in the Donetsk region, 25 in the Lugansk region, six belong to the Ukrzapidugol company. Nearly 9,000 face-raising workers are reported to

have stopped work. Overnight coal-mining losses are estimated at 79,100 tonnes.

Speaking on regional radio yesterday, Shcherban reported that the local authorities, strike committee leaders, and coal mine managers had held a meeting to work out a common policy toward easing the social tension in the region.

"The authorities are ready to help the miners solve their problems," Shcherban said, adding that "a planned money emission" could be one of the measures to overcome the financial and social crises.

Ukraine: Colleges Ousting Russian Language, Literature

LD0907082796 Moscow ITAR-TASS in English
0615 GMT 9 Jul 96

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL, July 9 (Itar-Tass) — Many Ukrainian higher educational institutions are ousting Russian language studies and literature. Professor Vladimir Kazarin, head of the Russian and foreign literature chair at Simferopol State University, said in an interview with Itar-Tass on Monday.

He noted that the studies of the Russian language and Russian literature were discontinued at the Lvov and Odessa universities. Philologists are forced to work in two capacities at other higher educational establishments to preserve the Russian language studies.

Zaporozhye University, for instance, "combined" the Russian language with German and Ukrainian.

The professor claimed that the chair at Simferopol University also experiences constant pressure. University authorities disbanded evening courses and enrolled ten students, instead of 40, to correspondence courses. The enrolment was slashed by 25 people at daytime division.

At the same time, the Ukrainian language faculty where there is usually no competition enrolment, increased by 15 people. Kazarin received an instruction to sack several lecturers this year.

The professor said that "such a policy can be called nothing but forcible Ukrainisation. It ignores realities of life: the Crimea remains a Russian-speaking territory. This only aggravates anti-Ukrainian sentiments among population."

Belarus

Belarus: Politicians Comment on Yeltsin Election Victory

WS0807134996 Minsk SVABODA in Belarusian
5 Jul 96 p 1

[Report by Aleh Hruzdilovich: "Belarusian Politicians About Boris Yeltsin's Victory"]

[FBIS Translated Text] Stanislav Shushkevich:

"I am glad that Yeltsin won. This is the best scenario. I would not comment further, but I would rather focus on the impact of the Russian elections on the situation in Belarus. The point is that if we had pursued a rational policy, this impact would have been lesser; since, however, the president pursues a policy of servility with regard to Russia, we should admit that we will be strongly dependent on these results. It is obvious that our president lost, having placed his bet on Zyuganov. Lukashenka's thesis that the Russian people will not support Yeltsin's course of reform was disproved. Now our leaders will have to take a sharp U-turn. I think that Yeltsin will receive the most juicy congratulations from Lukashenka, and they will be composed, of course, by [Presidential Administration Deputy Head] Zamyatalin.

"I do not expect any systemic dislocations on the part of the Belarusian president, any steps toward developing democracy. The problem is in understanding democracy. Lukashenka is assured that there is no greater democrat in Belarus than himself. However, everybody sees the cost of such 'democracy'. I also do not expect any resolute measures on the part of the current leadership to reform the economy. Changes may begin only following the adoption of new market-oriented laws by the Supreme Soviet. I am sure that the results of the presidential elections in Russia will help our deputies to understand many things and revise their views about reforms and the political course in the country." Syarhey Pashkevich, Belarusian president's adviser:

"This is an unquestionable triumph of democracy. One is impressed by the wisdom of that man. Truly, Boris Yeltsin is an unusual personality of our time. I would underscore two factors that contributed to his victory to a greater extent than others. The first factor is his flexible policy. He used to his advantage the most burning slogans, like that about integration within the CIS borders. Nations desire this, and Yeltsin has begun fulfilling their desires. By the way, we in Belarus are happy with his victory also due to the fact that he will have to conclude what he has begun — integration with Belarus. The second factor is his team. It is a unified, resolute, and professional team, whose leader

is able to cut all the rotten parts off mercilessly. I will also mark the ability of his team to find understanding with representatives of the media. The media worked very well for him, although they still used the former methods. However, they worked not out of fear, but following their conscience. In this sense, the Russian experience teaches us that it is necessary to lean on people from a broader range, not only on the faithful, but also on the talented. In the ideological sense, such an outcome has buried one of our ideological myths, driving a nail into the coffin of ideologized politics. I hope that many of our mythmakers who advise conducting politics according to ideological schemes, will now cool down. It seems to me that we will soon feel an improvement in the economy, too. Such giants of our industry as MAZ [Minsk Truck Plant], MTZ [Minsk Tractor Plant], 'Intehral', and 'Haryzont' will feel relief. In general, changes in the rate of economic reforms are unavoidable, but they will be made for the sake of a socially oriented market economy, not a criminal one."

Yury Khadyka, deputy chairman of the Belarusian Popular Front:

"I want to sincerely congratulate Boris Yeltsin on his victory, which undoubtedly has furthered the development of democracy in Russia. Incidentally, it has furthered our democracy, too. I also have personal reasons for congratulating the Russian president because when I was jailed following the 26 April events [rally to commemorate the 10th anniversary of the Chernobyl accident], Yeltsin unambiguously spoke in my support, in support of democracy in Belarus. The reelection of Yeltsin creates additional conditions for market development of our country. Belarus will simply be demanded to speed up economic reforms; this, as you remember, was said by Yeltsin in his speech in Brest on 22 May."

"Of course, I have remarks regarding how the election campaign was conducted in Russia. It is very difficult to call this campaign truly democratic. Regarding this, we are on the side of our opponents, [Russia's] communists, who — like the Belarusian Popular Front in Belarus — do not have equal conditions with their political rivals. In essence, the Russian media were under Yeltsin's full control, which cannot be considered a good example. Undoubtedly, democracy in Russia has a lot of room to expand. As for some advancement in Belarus, I do not expect any quick reformist steps. Of course, the president will now assume an air that he always supported Yeltsin. All his retinue will sing hymns to the Russian president and vow their devotion, but in actual fact we will again see attempts to build 'market socialism' in an isolated country. However, as a result, this will further the development of political culture in

Belarus. Not only economic failures, but also the foreign policy twists demonstrated by Lukashenka will help the voters realize his essence."

Viktar Chakin, one of the leaders of Belarusian communists:

"Nations, like women, sometimes have their periods of weakness. Such a weakness was shown by Russia in having voted for Yeltsin. The consequences will be tragic, including for Belarus. I do not view the election campaign in Russia as honest and democratic because the Russian media, over a period of two months, promoted exclusively one candidate. This can be compared to the election of Konstantin Chernenko to the post of the CPSU general secretary. One should expect some aggravation of the anticommunist policy in Belarus, as well. Regarding the prospects of further integration with Russia, everything will take place the other way round. This was Yeltsin's trump to gain points in the preelection game, while now, after the victory, Belarus will be as necessary for Russia as an emergency brake for a rabbit. Of course, our economy is very strongly dependent on the Russian economy, and this is why the economic situation in Belarus will worsen still further. This is because the Russian economy during Yeltsin's presidency will not develop; he will take care of only those branches which sell raw materials and other sources of Russia's wealth to the West. In this sense, Belarusian industry cannot expect any development, either."

Belarus: PM Chyhir Leaves for Economic Summit in Salzburg

WS0807135296 Minsk Radio Minsk Network
in Belarusian 1200 GMT 8 Jul 96

[FBIS Translated Text] Yesterday [7 July] Belarusian Prime Minister Mikhail Chyhir left for Salzburg, Aus-

tria to participate in the economic summit of the Central and East European countries which is being held within the framework of the Davos world economic forum. As was pointed out in a letter by Belarusian President Alyaksandr Lukashenka addressed to Professor Klaus [Schwab] who is the initiator and president of this forum, our Republic highly assesses the attempts by the World Economic Forum to support the desire of the countries of the aforementioned region to integrate with the European and world economies. The organized meetings will facilitate the resolution of many urgent problems, as well as strengthen constructive mutual business relations at various levels. Alyaksandr Lukashenka expressed wishes for successful debates at the forum in Salzburg, and expressed hope that also in the future the forum will play a significant role in initiating dialogue between various countries on strengthening European security and engaging countries with transitional economies into pan-European processes. The following officials will participate in the economic summit in Salzburg: Austrian President Thomas Klestil, Federal Chancellor Franz Vranitsky, Ukrainian President Leonid Kuchma, Albanian President Sali Berisha, Bulgarian President Zhelyu Zhelev, Romanian President Ion Iliescu, Slovak President Michal Kovac, Slovene President Milan Kucan, the prime ministers of Hungary, Poland, Latvia, Yugoslavia, and leaders of a number of other European countries.

Tajikistan

Tajikistan: Primakov To Set Up Negotiations in Moscow

LD0907115496 Moscow ITAR-TASS World Service in Russian 0923 GMT 9 Jul 96

[ITAR-TASS correspondent Anna Kurbanova]

[FBIS Translated Text] Ashgabat, 9 July — Russia is extremely interested that the representatives of the warring sides in Tajikistan should reach a definite agreement in Ashgabat to stabilize the situation in their country. This was stated at a press conference in Ashgabat by Russian Foreign Minister Yevgeniy Primakov. He had meetings with the heads of the delegations of official Dushanbe and the opposition — Talbak Nazarov and Haji Akbar Turajonzoda — and also with the UN representative at the inter-Tajik talks which resumed in the capital of Turkmenistan on Monday.

The Russian minister said that the meetings with Nazarov and Turajonzoda had shown that there was some movement in their positions.

Thanks to Russian assistance, Yevgeniy Primakov stressed, the sides had reached agreement that a meeting would be organized in Moscow between Tajikistan's President Imomali Rahmonov and opposition leader Sayed Abdullo Nuri.

The Russian Foreign Minister stressed that during his meeting with Turkmenistan's President Saparmyrat Niyazov there had been discussion of some regional and bilateral issues. Agreement was reached on holding a meeting in the autumn of foreign ministers of the Caspian littoral states which would possibly be organized in Ashgabat.

Tajikistan: Opposition Leader Urges Russian Involvement in Settlement

LD0807153096 Moscow INTERFAX in English 1458 GMT 8 Jul 96

[FBIS Transcribed Text] ASHGABAT, July 8 (Interfax) — With the presidential elections over, Russia should seriously tackle other important issues, in particular the settlement in Tajikistan, Tajik opposition leader Akbar Turadzhonzoda told Interfax Monday.

"An abnormal situation in Tajikistan is not in Russia's interests," he stated.

Asked how Boris Yeltsin's re-election as Russian president would affect Tajik settlement, Turadzhonzoda said, "More hopes are pinned on the democrats, if they are democrats at all, though we have not seen much difference in the past."

Tajikistan: Government, Opposition Ready for Constructive Dialogue

LD0807184896 Moscow ITAR-TASS in English 1750 GMT 8 Jul 96

[By Anna Kurbanova]

[FBIS Transcribed Text] ASHGABAT, July 8 (Itar-Tass) — Tajik Foreign Minister and chief negotiator at inter-Tajik talks Talbak Nazarov and head of the opposition delegation Akbar Turajonzoda spoke out for a "constructive dialogue" in the Turkmen capital Ashgabat on Monday.

In five years of confrontation and two years of talks under the auspices of the United Nations, the two sides have covered a way from "mutual refusal to recognise each other to mutual agreement to enter uninterrupted dialogue," Nazarov said at outset of the third stage of peace talks.

"We should go to the end and work out a formula of peace," he said.

The most important thing is to come to an agreement on political issues instead of getting bogged down in details and mutual reproaches, according to him.

"The only way out is political consolidation of Tajik society (and) representation of all political parties and movements in the bodies of power," Turajonzoda said.

He expressed hope that Tajikistan's political problems would be dealt with more seriously after democracy won in Russia.

Earlier today, Gerd Merrem, the U.N. Secretary-General's special envoy to Tajikistan, called on the government and the opposition to accelerate the peace process. The worsening situation in Tajikistan requires an acceleration of the peace process, Merrem said. The international community is expecting a major breakthrough at the talks. If not, many more innocent victims will continue to fall, Merrem said, calling on both sides to reach a national consensus.

The governmental and opposition delegations resumed talks after a four-month-long break.

Turkmenistan

Turkmenistan: Primakov Visit Linked to Resumption of Inter-Tajik Talks

LD0807123696 Moscow INTERFAX in English 1154 GMT 8 Jul 96

[FBIS Transcribed Text] MOSCOW, July 8 (Interfax) — The coincidence between Russian Foreign Minister

Yevgeniy Primakov's visit to Turkmenistan which began Monday and the resumption of the inter-Tajik talks in Ashgabat was not accidental, a high-ranking diplomat close to Primakov told Interfax Monday.

He said Russia was interested in the earliest possible settlement of the conflict in Tajikistan and intended to offer mediatory services and, at the same time, put certain pressure on the conflicting sides to achieve peace.

He ruled out any strong pressure on Dushanbe, saying that "Russia can only give Tajikistan friendly recommendations and proposals."

"Objectively speaking, Dushanbe's contribution to inter-Tajik settlement is more than important. Unfortunately, one cannot say the same about the opposition," he said.

In Ashgabat Primakov will meet with Turkmen President Saparmurad Niyazov and hold talks with Turkmen Deputy Prime Minister and Foreign Minister Boris Shikhmuradov, he went on to say.

He also announced that on Tuesday evening Primakov will fly out from Ashgabat to Bishkek for talks with the Kyrgyz leaders. He is to meet with President Askar Akayev and Foreign Minister Roza Otunbayeva.

"These official visits will be the first visits following the presidential elections in Russia," said the diplomat. "Their goal is to demonstrate Russia's adherence to the old foreign-policy priorities and to the policy of strengthening the CIS. These priorities ranked among the basic aspects of President Yeltsin's election program and the current visits to Ashgabat and Bishkek are being made on personal instruction from the president," he said.

He said Primakov is to return to Moscow on July 11.

Turkmenistan: Primakov Arrives, Received by Niyazov

LD0807153296 Moscow INTERFAX in English
1500 GMT 8 Jul 96

[FBIS Transcribed Text] ASHGABAT, July 8 (Interfax) - Russian Foreign Minister Yevgeniy Primakov arrived on an official visit in Ashgabat, the capital of Turkmenistan, on Monday afternoon.

He told journalists in the airport that he did not know whether he would participate in the next round of the inter-Tajik negotiations to be resumed in Ashgabat the same day. "Everything will depend upon the situation," he said.

Having noted that Russia and Turkmenistan are maintaining "strategic relations," he said that both states "have practically no disputed issues."

Primakov met with President Saparmurad Niyazov immediately after his arrival. The meeting was held behind closed doors.

The officials discussed a wide spectrum of issues related to bilateral relations, Turkmen Deputy Prime Minister and Foreign Minister Boris Shikhmuradov told journalists. In particular, the parties noted that their positions on the Caspian Sea problems coincided. They also pointed to the need to hold a meeting of foreign ministers of the Caspian Sea region states.

They also discussed regional economic cooperation, Shikhmuradov said.

The negotiations are expected to be continued in an informal atmosphere in the residence of the Turkmen president outside Ashgabat. Primakov and Shikhmuradov are scheduled to meet on July 9.

Armenia

Armenia: Yerevan Denies Reported Attack on Premier, Defense Minister

LD0907082296 Moscow ITAR-TASS in English
0745 GMT 9 Jul 96

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN, July 9 (Itar-Tass)—The Armenian leadership has denied media reports circulated on Monday night alleging that the Armenian prime minister and defence minister had been injured during skirmishes on the border with Turkey.

Armenian Prime Minister Grant Bagratyan stayed at his office in the government building throughout Monday, holding consultations and seeing visitors, Prime Minister's secretary Sergey Manasaryan told Itar-Tass.

Armenian Defence Minister Vazgen Sarkisyan had not left Yerevan either, said first deputy defence minister, chief of staff of the Armenian Armed Forces Major-General Mikhail Arutyunyan.

On Monday, the Reuters news agency quoted Russia's Interfax news agency as saying that "Armenian prime minister and the governor of Turkey's Kars province were among several people wounded on Monday in a shooting during official talks close to the Turkish Armenian border."

Interfax "quoted an Armenian government spokesman in Yerevan as saying one of the Turkish governor's guards opened fire, slightly wounding Prime Minister Grant Bagratyan, his defence minister and a third Armenian official," Reuters said on Monday.

Armenia: SNARK Says Report of Shooting 'Wrong.'

NC0907100596 Yerevan SNARK in English
1000 GMT 9 Jul 96

[FBIS Transcribed Text] Yerevan, July 9 (SNARK)—SNARK was informed by the Armenian Defense Ministry's Department on Ties with Population that the reports of the Russian Utr TV program on attempted assassination of Armenian Defense Minister Vazgen Sargisyan in Turkey were proved to be wrong.

According to the received information, the Armenian Defense Minister has not been to Turkey recently. Currently he is in Armenia busy with his every-day affairs.

Also, the Press Office of the Armenian Government informed SNARK that Armenian Prime Minister Grant Bagratyan whose name was mentioned by the program as well, yesterday was working in his office until

midnight and today in the morning met with Yerevan's metro workers.

Armenia: Ter-Petrosyan Congratulates Yeltsin on Election

NC0407191796 Yerevan SNARK in English
1637 GMT 4 Jul 96

[FBIS Transcribed Text] Yerevan, July 4 (SNARK)—Armenia's President Levon Ter-Petrosyan sent a congratulation telegram to Boris Yeltsin in the conjunction of his victory in the elections.

Yeltsin's victory proves that Russia has finally freed from the Communist regime and 70-year long ruling by anti-humane leaders, the telegram says.

Wishing Russia prosperity and welfare, Armenia's President notes that the Armenians are greatly interested in democratic developing in Russia, since the democracy provides stability, peace and prosperity for both the Russians and Armenians.

The Armenian President expresses hope Yeltsin's victory will strengthen and boost multilateral relations between the two countries.

Armenia: Communist Leader Comments on Yeltsin Win in Russia

NC0407194196 Yerevan SNARK in English
1637 GMT 4 Jul 96

[FBIS Transcribed Text] Yerevan, July 4 (SNARK)—First Secretary of Armenia's Communist Party (Sergey Badalyan) stated in an exclusive interview with SNARK that he does not consider the outcome of presidential elections in Russia as Communists' defeat.

According to him, Yeltsin's victory is the result of falsification unleashed by a TV campaign.

Russia's society has been divided into two parts and the difference in 10-15 percent of votes is not essential. The split of Russia's society has resulted from contradicting approaches to the future of the country, therefore the victory of Yeltsin's supporters means the defeat of Zyuganov's supporters.

Political, economic and social crisis in Russia will continue, he said. Communists should take the results of elections into account in order to go on with their struggle and protect the interests of the nation, Badalyan stressed.

Armenia: Bagratyan Leaves for Stockholm OSCE Meeting on Karabakh

NC0407194396 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0733 GMT 96

[FBIS Transcribed Text] Yerevan ("AZG" daily - NOYAN TAPAN), 07/04/96 — Chairman of ROA [Republic of Armenia] National Council Babken Araktsyan, head of the Foreign Relations Committee Hovhannes Igitian, and the head of Finances-Credit Commission Armen Yeghiazaryan have left for Stockholm on 3 July.

The goal of the visit is to participate in the negotiations for resolution of the Karabakh conflict, carried out with mediation of OSCE Minsk group co-chairmen. It is expected that the negotiations will finish on 5 July.

Armenia: Iran's Mellat Bank To Invest in Construction Projects

NC0607182696 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0852 GMT 6 Jul 96

[FBIS Transcribed Text] Yerevan ("RESPUBLICA ARMENIA" daily), 07/06/96 — Mayor-Governor of Yerevan Ashot Mirzoyan has recently met the Ambassador of the Islamic Republic of Iran Hamid Reza Negar-Esfahani and a group of officials of the Mellat Bank.

The sides discussed the problems related to financing investment of the mentioned bank and some construction operations in the city, particularly of living houses, trade halls, and hotels. A decision was accepted to organize working meetings of the representatives of corresponding departments of the city council and leaders of the Mellat Bank.

Armenia: Coordinating Committee on Iranian Relations Holds Session

NC0607182896 Yerevan SNARK in English 1432 GMT 6 Jul 96

[FBIS Transcribed Text] Yerevan, July 6 (SNARK)—Today, a session headed by Armenian President Levon Ter-Petrosyan was held by the State Coordinating Committee on Armeno-Iranian Relations.

SNARK was informed by President's Press Office that the Committee's Chairman and Armenian Minister of Trade, Services and Tourism Vahan Melkonyan explained the situation of trade ties between the two countries. Issues of further development of bilateral relations were considered.

Armenian Foreign Minister Vahan Papazyan and President's Chief Adviser Zhirayr Liparityan attended the session as well.

Azerbaijan

Azerbaijan: Aliyev Congratulates Yeltsin on Re-election

NC0507182396 Baku TURAN in English 1600 GMT 5 Jul 96

[FBIS Transcribed Text] Baku/05.07.96/TURAN—Today the president Geydar Aliyev received the Ambassador of Russia to Azerbaijan Aleksandr Blokhin.

"I congratulate you with the election of Boris Yeltsin to the post of president, I have already sent congratulations to Moscow," Aliyev said. He conveyed the text of his congratulatory letter to the Russian Ambassador.

"The results of elections are very good. The democracy has won, the forces oriented to continuation of reforms have won. The elections demonstrated that Russia is turning into democratic country and that is what we want," Aliyev said.

Blokhin said that victory of Yeltsin means continuation of democratic course of Russia. "We consider Boris Yeltsin a pledge of development of relations between Russia and Azerbaijan on the principles of mutual respect," Blokhin said. He thanked Geydar Aliyev for support in public the candidature of Boris Yeltsin. "Your authority has fulfilled its task," the Ambassador said.

There were two election districts in Azerbaijan and the results of voting in them coincided with the results in Russia," Blokhin said.

Geydar Aliyev said that prior to elections he instructed the Ambassador of Azerbaijan to Russia Ramiz Rzayev to meet with Azeri communities in Russia (Moscow, St. Petersburg, Samara, Tula, Ural, Siberia and Tumen) and inform them about the position of the leadership of Azerbaijan. He expressed assurance that position of official Baku made an influence on choice of Azerbaijanis-citizens of Russia.

Azerbaijan: Aliyev Met With Armenian Official During Bonn Visit

NC0507124696 Baku TURAN in English 0237 GMT 5 Jul 96

[FBIS Transcribed Text] Baku /05.07.96/ TURAN — On July 4 President Aliyev, who was on an official visit to Federative Republic of Germany, met with Assistant [to the] President of Armenia, Zhirayr Liparityan.

The press-service of Azeri President reports exchange of opinions on ways of peace settlement of the Armenian-Azerbaijani conflict took place during the meeting.

Previously Zhirayr Liparityan and State Advisor for Foreign Policy of Azerbaijan, Vafa Guluzade, conducted another round of negotiations on the Armenian-Azerbaijani conflict settlement.

Azerbaijan: Aliyev Cited on Solution, 'Independent Status' for Karabakh

NC0507182896 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 1600 GMT 5 Jul 96

[FBIS Transcribed Text] Bonn ("AZG" daily—ARMENPRES), 07/05/96 — "Azerbaijan is willing to find a peaceful solution to the Karabakh conflict, but believes this is only possible under certain conditions", the Azeri president Geydar Aliyev declared during an official visit to Germany.

"We are ready to peaceful resolution of the conflict", he declared — "the main condition for this is complete withdrawal of the Armenian troops from the occupied Azeri territories. Baku is ready to guarantee the security of Armenians living in Mountainous Karabakh, and to provide an independent status to this province".

The Azeri President categorically minded against the idea of complete independence of Mountainous Karabakh. "I hope that Russia will also be actively involved in the process of reconciliation after the presidential elections. Russia can do many things in this regard, and it has great opportunities for this", Geydar Aliyev concluded.

Azerbaijan: Gasanov on German, Russian Role in Conflict Settlement

NC0807193096 Baku TURAN in English 1414 GMT 8 Jul 96

[FBIS Transcribed Text] Baku/08.07.96/TURAN — The main purpose of Geydar Aliyev's visit to Germany is political and economic support of Azerbaijan on the part of Bonn, TURAN was told by the Foreign Minister of Azerbaijan Gasanov. According to the Minister, common [as received] support of Germany is expressed in its agreement to become co-chairman of the OSCE Minsk group.

"Germany once again confirmed the principle of territorial integrity of Azerbaijan. And confirmed again that the Karabakh conflict can be resolved only on the basis of territorial integrity of Azerbaijan. We proposed the idea of co-chairmanship and they agreed. We hope that will activate the peacekeeping process," Gasanov said.

According to the Foreign Minister, co-chairmen of the OSCE Minsk group will be substituted soon. "New

persons will come on the part of Russia and the West," he said.

The Minister noted that economic questions have also been discussed in Germany. Thus, instead of 10 million DM which had been promised Azerbaijan, Germany will grant long-term privilege credit totalling 30 million DM. "That testifies that Germany feels itself serious strategic partner of Azerbaijan," Gasanov said.

Concerning the relations with the U.S. Gasanov noted that Washington recognised territorial integrity of Azerbaijan. "It is not a simple constatation, but express of political will. It is the main factor of settlement. The more countries recognise our territorial integrity, the easier will be to solve most problems," Gasanov said.

The Minister called normal the relations with Russia. "Democratic forces have won in Russia, Yeltsin has won. The forces which wanted on the wave of empire ambitions to obtain integration by force, restoration of the USSR, failed," the Minister said.

He considers that the victory of Yeltsin will positively affect resolution of the Karabakh conflict. "Boris Yeltsin says that he sees Nagorno-Karabakh as autonomy within the borders of Azerbaijan. I think that it is very important and principal statement to put in the basis of our relations," Gasanov said.

Commenting on the position of the mediator Vladimir Kazimirov at the Armenian-Azeri negotiations, Gasanov said "Kazimirov carried out not the policy of Boris Yeltsin but the policy of unknown political men." According to Gasanov, Kazimirov tried to distance himself from the position of Yeltsin.

According to Gasanov, certain political circles in Russia stand behind Kazimirov, they must leave the political arena. Then, Gasanov considers, position of Moscow in the Karabakh conflict will be consequent.

Azerbaijan: German Support for Azerbaijan's Sovereignty Cited

NC0407202496 Baku TURAN in English 1147 GMT 4 Jul 96

[FBIS Transcribed Text] Baku/04.07.96/TURAN— During the negotiations between President Aliyev and German administration, the representatives of official Bonn have acknowledged that they recognize Azerbaijan's territorial integrity. At the same time they wished that required guarantees are created for normal life of national minorities. Foreign Affairs Minister, Gasanov, said in his interview to BBC radio.

He noted official Baku has once again acknowledged its readiness to grant autonomy to Armenians of Nagorno-

Karabakh and to ensure all rights to the citizens of this region. Minister said this Baku's position has been taken by Bonn with satisfaction.

Gasanov also said that the administration of German adopted the resolution to grant additional 20 million Deutsche mark to Azerbaijan. 15 million of them is credit for renovation of international airport in Baku and additional 5 million mark to the special Fund for preparation of staff for Azerbaijan. Earlier Bonn has already allotted 10 million mark for reconstruction of Baku's airport, Minister said. 5 million mark out of total sum at 30 million mark has been donated to Azerbaijan, Gasanov noted.

Azerbaijan: SOCAR, Japanese Companies Sign Protocol

NC0807195896 Baku TURAN in English
1439 GMT 8 Jul 96

[FBIS Transcribed Text] Baku/08.07.96/TURAN — Protocol on mutual understanding was signed last Saturday between SOCAR [State Oil Company of Azerbaijan] and several Japan's companies. On the part of Japan the document signed Vice President of Japan National Oil Corporation Satoshi Tono [name as received] and on the part of Azerbaijan — Vice President of SOCAR Khoshbaht Yusifzade.

Among the Japan's companies which had signed the protocol there are: Indonesia Petroleum Ltd.; Itochu Oil Exploration; Japan Energy Development Company; Japan National Oil Corporation; Japan Petroleum Exploration; Marubeni Corporation; Mitsubishi Oil Company; Nippon Oil Exploration, Teikoku Oil Company as well as the Ministry of Foreign Trade and Industry of Japan.

According to this protocol, Japan chose for technical studies the area covering eastern and south-eastern parts of the Azeri sector of the Caspian. In particular, the talk is about the blocks: D-13, D-18, D-19, D-16 and some others.

Within three months Japan will study those areas with the help of Azeri specialists. Then memorandum on concretisation of the project will be signed and a contract for the development of concrete field will be signed.

Khoshbaht Yusifzade said that the above mentioned Japanese companies would create consortium for the development of one of the new fields in the Azeri sector of the Caspian.

Azerbaijan: Japan's Eximbank May Help Finance Oil Pipeline

LD0907111596 Moscow INTERFAX in English
1014 GMT 9 Jul 96

[FBIS Transcribed Text] BAKU, July 9 (PIA-Interfax) — The Japanese Export-Import Bank may help finance construction of the Baku-Supsa oil pipeline to transport early oil from the Azerbaijani Caspian offshore oil fields of Azeri, Chirag and Gyunesli via Georgian territory.

Sources at the Azerbaijani Foreign Ministry told the Interfax Petroleum Information Agency that the bank delegation will arrive in Baku Tuesday night. The Azerbaijani and Japanese sides are expected to discuss the bank's participation in the "western" pipeline construction. The project creditors have not been named.

The Japanese delegation will also meet staffers of foreign companies working in the Azerbaijani oil and gas industry. It is expected to hold negotiations with British Petroleum, Ernst & Young, World Bank, IMF, heads of the Azerbaijani Ministry of Finance, the National Bank and the State Oil Company of the Azerbaijani Republic.

Georgia

Georgia: President Shevardnadze Hails Yeltsin Victory

LD0407172596 Tbilisi Radio Tbilisi Network
in Georgian 1200 GMT 4 Jul 96

[FBIS Translated Text] A statement by Georgian President Eduard Shevardnadze in connection with the election of Boris Yeltsin as president of Russia.

Not only for Russia is 3 July a historic day. Without revolution, coups, or bloodshed, the people of Russia have legitimized a new sociopolitical system. The result of yesterday's election is a unique contribution to the victory of democracy in the world, as well as to the burial of totalitarianism.

I recently said that Russia was choosing not only a president, but also a system of governing the state. Thank God the choice appears to be right. President Boris Yeltsin has managed to do the impossible. Owing to his heroism, Russia of the 1990's has finally got to the path of implementing fundamental reforms and building a democratic state.

What will Georgia and the whole Caucasus benefit from the election of the Russian president? First and foremost, the process of settling conflicts will be facilitated, and a peaceful Caucasus as well as a peaceful Georgia will become a reality.

Georgia: Shevardnadze Ready To Mediate in Chechen Conflict

AU0907102296 Tbilisi KAVKASIONI in Georgian
3 Jul 96 p 2

[Kavkaz-Press report: "The Georgian President Is Proposing to Mediate..."]

[FBIS Translated Text] "Georgian President Eduard Shevardnadze has himself proposed to mediate in settling Chechnya's problems," stated Ruslan Madiyev, head of the Chechen Republic Department for Foreign Political and Foreign Economic Ties on his return to Moscow. He pointed out that Eduard Shevardnadze transmitted his proposal via Petre Mamradze, head of the State Chancellery.

The Chechen minister stated that an official delegation would be visiting Tbilisi during the second half of July where a package of documents, drafts of which he had left for examination by Georgian official circles, would be signed.

The documents include agreements on cooperation in the spheres of trade and the economy, transport communications, the fight against terrorism, and also culture.

Ruslan Madiyev mentioned that similar agreements had already been reached with Azerbaijan and five subjects of the Russian Federation.

Georgia: Foreign Minister Clarifies Claims to Black Sea Fleet

AU0507112796 Tbilisi KVIRIS PALITRA in Georgian
24-30 Jun 96 p 3

[Interview with Georgian Foreign Minister Irakli Menagharishvili; place and date not given: "Irakli Menagharishvili: 'The New Artery Promises Only Success'"]

[FBIS Translated Text] The western media are devoting great attention to current processes in the so-called post-communist space, including Georgia. Interest in our country has increased following the development of the Eurasian corridor and the transportation of Caspian oil through Georgian territory. Georgian-Russian relations have also not been neglected. The BBC again recently reminded its listeners of Georgia's demand for its rightful share of the Black Sea Fleet (BSF) and pointed out that the state will definitely need a naval fleet in the near future, taking into account the fact that intensive shipping activity will begin in its coastal waters.

We asked Georgian Foreign Minister Irakli Menagharishvili to comment on this.

[Menagharishvili] Georgia is laying claim to that part of the former Soviet naval fleet that Georgia needs to im-

plement both the security of the state and its sovereign rights. The statement about our not laying claim to strategic weapons has not been made by chance as there have been insinuations that Georgia is ostensibly demanding such weapons. This would complicate the process and cast a shadow over Georgia's peace-loving image. Therefore, we have stated our specific demands regarding the BSF. Dialogue with Russia has now acquired a more practical character. A plan is being prepared concerning what and how much we need in the first place and with whose cooperation we can secure our future and make effective use of the fleet. It is not sufficient to have the ships. We need to create an infrastructure to service them, train cadres, and improve the system of control. This is a fairly expensive pleasure and we have a realistic attitude toward the realization of this idea.

In addition to bringing into operation the Eurasian corridor, other arteries have appeared, in particular the Danube-Rhine river route that will be an important artery for the so-called silk route. One can confidently say that Georgia already occupies a central and key place in the vast Eurasian space. The emphasis is no longer being placed on the transportation of oil. Goods from many states will be transported on our territory. An excellent example of this is the transportation of Uzbek cotton that has already begun. This will be followed in the near future by other strategically important freight. The Danube-Rhine river route runs through the heart of Europe as far as Holland. Of course, it will be an important artery for the Eurasian corridor. Moreover, it will bring the country additional profit. All this stems from that political and economic course upon which Georgia has embarked.

Georgia: Shevardnadze Interviewed on Economy, Abkhazia

LD0807102296 Tbilisi Radio Tbilisi Network
in Georgian 0510 GMT 8 Jul 96

[Regular Monday studio interview with Georgian President Eduard Shevardnadze by Correspondent Nato Oniani—live]

[FBIS Translated Excerpt] [Oniani] Mr. President, probably last week's most important economic event was Georgia's admission to the World Trade Organization with the status of guest member. This probably is yet another recognition of economic reforms in Georgia.

[Shevardnadze] Observer status at the World Trade Organization is a necessary prerequisite for becoming a member of this important international economic organization. If Georgia continues to carry out economic reforms and democracy, it may become a member of

the organization in a year or a year-and-a-half's time. [passage omitted]

Now, briefly about last week's economic life. The widening of reforms has become a daily routine in economic life. From this point of view, the president's decree on restructuring the power industry was a significant event last week. The decree was issued after a government session and the economic-consultative meeting had considered this issue.

The process of reorganizing this vitally important sector, which is necessary for the development of the country's economy, has been under way with assistance from our foreign colleagues. This will create a basis for overcoming the economic crisis. [passage omitted] Three financially-independent subsectors—the generating, dispatching, and distributing subsectors—have been created on the basis of the Sakenergo [Georgian power] department. Privatization and flotation of these sectors will be carried out gradually. This should create favorable grounds for investment in this sphere as well as raising the level of economic responsibility, considering the power engineers' and customers' interests. [passage omitted]

The need to widen the economic reform was a top priority when the economic-consultative session under the president discussed the program for developing marine transport. This issue was discussed fundamentally for the first time in recent years. Undoubtedly, this is a key issue if we take into consideration the fact that our highways are already considered as European communications structures. Very soon, large cargo from the Transcaucasus, Central Asia, Russia, and Turkey will arrive on the doorstep of our section of the Eurasian corridor. Their transportation by sea must be carried out by our sea artery according to high standards of international service. Cargo will also arrive from Europe. We must start thinking about improving the current management of the shipping sector. We must also consider how to implement the programs for establishing the infrastructure for the development of marine transport and sea ports. Proceeding from this, the council thought it expedient to continue working in this direction, to define the functions of this branch of the economy and to integrate it into the country's general transport system. [passage omitted]

The tariff system must be improved and a marine code adopted. Establishing private property in this sphere, as well as the flotation of the fleet and the sea ports must be seriously considered. We must neither rush nor put this off endlessly.

The newly-established ministries—the Ministry of Power and Engineering and the Ministry of Transport,

together with economic services—must play a decisive role in carrying out reforms both in the transport and the power sectors.

[Oniani] These are the two most complex sectors in Georgia and the newly-appointed ministers are probably faced with huge tasks.

[Shevardnadze] Yes, they are, both domestically as well as internationally. The key developments in the country's economic structure are creating a very strong basis for the restructuring of the large agricultural complex. The strengthening of the private sector and its important role in the production of domestic products are one of the signs that a market economy is being established in our country. According to the information of both Georgian and foreign specialists, the private sector is currently producing 75 percent of all domestic products. The output of the private sector in trade is 88 percent. It is also gaining ground in other branches of the economy. The private sector's production share in national industry is 65 percent, 77 percent in agriculture, and 82 percent in transport. [passage omitted]

This important stage of economic reforms, the mass privatization process, ended on 1 July, and according to preliminary data, it ended with palpable results. In particular, out of 5,150,000 people, 4,260,000 received privatization vouchers, that is, 83 percent. Eighty-eight percent of all vouchers given to the population have been used. This is quite a high figure. [passage omitted] State property totaling \$120 million has been privatized by vouchers. [passage omitted]

The information from the Finance Ministry is encouraging. For the first time, the plan for the central budget revenues has been fulfilled. According to preliminary information for June, the plan has been overfulfilled by 20 percent. This will help to fulfill the plan for the first half of the year. [passage omitted]

[Oniani] One last question. As is known, the Security Council will very soon, the exact date is not known to us yet, discuss the issue of a settlement of the Abkhaz conflict.

[Shevardnadze] The discussion of the Abkhaz issue should take place on 12 July. Currently, we are taking active diplomatic measures. We are in contact with various countries and in particular with the member states of the Security Council, both here in Georgia and in New York, as well as in the capitals.

Work is under way with the Russian representatives, the Russian Foreign Ministry and the presidential bodies. If this time, the Security Council adopts a principled resolution on the settlement of the Abkhaz conflict, it will help greatly to speed up a settlement of the conflict.

I have decided to send a special letter to the chairman of the Security Council and the chairman of the United Nations and tell them what a positive result the Security Council's principled resolution on the Abkhaz conflict settlement may have.

In the meantime, I would like to add that after Boris Yeltsin's victory in the presidential election in Russia, very favorable ground has been created for a settlement of the conflict settlement. Of course, a great deal will depend on Russia, its leadership, the Russian president, and his colleagues. As I have said, we are in permanent contact with them. Recently, an interesting tendency in the bilateral Georgian-Abkhaz dialogue has emerged. As you know, this was impossible some time ago. Now the Abkhaz side, Mr. Ardzinba, and we are interested in developing a bilateral dialogue. Certain talks are already under way and I believe we shall be able to raise the level of talks if this is possible and use this possibility more actively to settle the conflict.

[Oniani] Thank you.

Georgia: Ioseliani on Meetings With Abkhazia's Ardzinba

*LD0507115396 Moscow INTERFAX in English
1140 GMT 5 Jul 96*

[FBIS Transcribed Text] TBILISI, July 5 (Interfax) — Avtandil Ioseliani, first deputy head of the Georgian Security Service, told Georgian journalists Friday that he had had a meeting with the Abkhazian leader Vladislav Ardzinba in Abkhazia early in June and intends to go there again for a new meeting with him.

At their meeting in Gagra on June 2 Ardzinba seemed to "want to live with us in the same space," Ioseliani said. He added that experts from the two sides will negotiate the terms of this co-existence.

Ardzinba seemed to be tired of the impasse in the relations between Georgia and Abkhazia, Ioseliani said.

Ardzinba made a point of speaking respectfully of Georgian President Eduard Shevardnadze and mentioned that he would like to meet him, Ioseliani said. "I even thought for a moment that they have been meeting somewhere," he said.

Ioseliani's interview displeased the leaders of the Tbilisi-based Supreme Soviet of the Abkhazian Autonomous Republic. Its chairman Tamaz Nadeirishvili told Interfax that Ioseliani had no right to meet with Ardzinba, whom he described as a criminal and an organizer of genocide and ethnic cleansing in Abkhazia.

"I do not know who has authorized Ioseliani's talks. What is certain is that we have not been consulted,

even though the Georgian president and parliament have decided that representatives of the Supreme Soviet of the Abkhazian Autonomous Republic should be involved in all talks related to Abkhazia," he said.

Georgia: Georgian, Abkhaz Leaders Agree To Resume Talks

*LD0607165096 Sukhumi Republic of Abkhazia Radio
in Russian 0345 GMT 6 Jul 96*

[FBIS Translated Text] Vladislav Ardzinba, the president of the republic of Abkhazia, yesterday received Liviu Bota, the head of the UN observer mission in Georgia. Mr. Bota handed Ardzinba the text of the UN secretary general's report to the UN Security Council on the situation in the Georgian-Abkhaz conflict zone.

Bota also told Ardzinba that at a recent meeting with Edouard Brunner in Geneva, Brunner conveyed to him proposals from the Georgian and Abkhaz sides concerning the holding of another round of talks on the settlement of state and legal relations. Mr. Shevardnadze has already agreed to continue the political dialogue. The president of the republic of Abkhazia also supported this idea.

A preparatory meeting involving Mr. Brunner is scheduled for the second half of July in Moscow. It will decide on the place and date for the talks.

Georgia: Abkhazian Leader Hopes for End to Conflict With Georgia

*LD0807102796 Moscow INTERFAX in English
0938 GMT 8 Jul 96*

[FBIS Transcribed Text] SUKHUMI, July 8 (Interfax) — Abkhazian President Vladislav Ardzinba expressed the hope that his nation will "soon be able" to sign an agreement putting an end to its conflict with Georgia.

In an interview with Interfax on Monday, Ardzinba said that the "negotiating process between Abkhazia and Georgia has not stopped as Abkhazian representatives have been maintaining constant contact with the Georgian side and representatives of Russia, which acts as a mediator in the conflict settlement." "Owing to this contact, certain progress has been reached," he added.

Ardzinba pointed out that "the leadership of Abkhazia has assumed a constructive position and remains committed only to a political resolution of the conflict."

He called for extending the mandate of peacekeeping forces in the region. Their present mandate expires on July 19.

At the same time, he said that "under no circumstances will the Abkhazian side agree to changing the mandate

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of the peacekeeping forces and granting them police functions."

Georgia: Abkhaz Leader Accuses Georgia of 'Illegal Invasion'

LD0807124096 Tbilisi BGI in Russian

11:30 GMT 8 Jul 96

[FBIS Translated Text] Abkhaz leader Vladislav Ardzinba has said that the deployment of Georgian police

in Kodori Gorge [in Abkhazia, outside Abkhaz control] is an illegal invasion of a foreign country. An Azhara [village in Kodori Gorge] police unit was sent to Kodori Gorge to protect the local population and monitor the crime situation. Georgian Television's "Alioni" news program said that Vladislav Ardzinba has accused the Georgian interior minister of an illegal invasion of a foreign country.

Estonia

Estonia: Meri Considers Yeltsin Reelection 'Good News'

AU0507082996 Cologne Deutschlandfunk Network in German 0611 GMT 5 Jul 96

[Telephone interview with Estonian President Lennart Meri in Tallinn by Christoph Heinemann in the Cologne studio — live]

[FBIS Translated Excerpt]

[Heinemann] We now have Estonian President Lennart Meri on the phone from Tallinn. Mr. Meri, is President Yeltsin's reelection good news for your country?

[Meri] Yes, of course. Russia will continue its reform course. I would like to add that like Latvia and Lithuania, Estonia has never regarded itself as part of the former Soviet Union. As you know, there is a difference between the Baltic states, which were occupied in 1940, and states like Kyrgyzstan or Kazakhstan. Getting back to your question, it is certainly good news.

[Heinemann] President Yeltsin repeatedly used the term near abroad in the past. And he did not say it with a particularly positive intention, but with a slight threat in his voice, when he spoke of former Soviet republics that are independent today. Does Estonia feel threatened by Russia?

[Meri] Yes and no. We did feel threatened, because there have been a number of Russian politicians who... Let us put it that way: There have been a number of extremists. By extremists we mean politicians who would like to see the Soviet Union restored. I would say that the election has shown that quite a number of people in Russia have not yet abandoned this kind of Soviet imperialism completely. Unfortunately, the war in Chechnya continues as well, although the Russian Government has tried hard to end it. But on the whole I am convinced that terms like near abroad were used as an election campaign tool.

[Heinemann] Which Russian politician would you regard as extremist?

[Meri] Well, Yeltsin's opponent Zyuganov, of course. But also people who have almost sunk into oblivion now, for instance Zhirinovskiy.

[Heinemann] Would you regard Aleksandr Lebed as an extremist as well?

[Meri] No. I think that General Lebed is a very active and determined politician. Although he is President Yeltsin's new security adviser, he has a big economic program. I can imagine that his job will be very difficult.

[Heinemann] In what way will General Lebed influence Russian politics? Are you concerned about the fact that he said he was half a democrat?

[Meri] Well, half a democrat is much better than an anti-democrat. When you want to conduct relations with Russia you have to take the country's history into account. [passage omitted]

[Heinemann] Do you expect Russia to agree to an eastward expansion of NATO?

[Meri] That will be a difficult problem. I am convinced that neither Yeltsin nor Lebed really believe that NATO is a tool of international imperialism. But we are talking about a former superpower. Nobody wants to admit that they are no longer a superpower, that one has to have a new security structure in Europe. It may be painful for Russia, and, of course, it will not be an easy decision. But there are only two options: Either Europe's security structure is expanded — and I am sure that Russia will eventually be included — or a kind of Byzantine structure will reestablish itself, expanding from east to west.

Estonia: Premier Vahi Assesses Yeltsin Election Victory

LD0407154796 Tallinn Radio Tallinn Network in Estonian 1500 GMT 4 Jul 96

[FBIS Translated Text] The outcome of the Russian presidential elections is not the worst for Estonia, Prime Minister Tilt Vahi, who is currently on holiday, told BNS. Yeltsin's reelection means that market-economy reforms will continue in Russia as will cooperation with the Western countries, the prime minister said.

According to him, if the communist Gennadiy Zyuganov had come to power a period of instability and confusion would have followed. A stable Russia is also beneficial for Estonia, Vahi noted and added that the fact that the election campaign has ended will also mean an end to the Russian propaganda attacks against Estonia. Vahi said that both Yeltsin and Russian Prime Minister Viktor Chernomyrdin are realistic and pragmatic politicians with whom Estonia can hold talks in order to achieve concrete results in resolving key problems in the Estonian-Russian relations. First and foremost, a realistic border agreement must be concluded and mutually beneficial trade and economic relations developed, Vahi said.

Estonia: Vahi Believes That Russian Market Reforms Will Continue

LD0507094096 Moscow ITAR-TASS in English
0850 GMT 5 Jul 96

[By Albert Maloveryan]

[FBIS Transcribed Text] **TALLINN July 5 (Itar-Tass)** — Boris Yeltsin's election president for a second term means that the reforms aimed at creating the market economy and cooperation with the West will be continued. This is how the results of the presidential elections in Russia were assessed by Estonian Prime Minister Tih Vahi, the press service of the Estonian government reported on Friday.

The Estonian Prime Minister believes the results of the presidential elections were not the worst for Estonia, the press service reports. "At the democratic elections the Russian people have made the choice that ensures the continuation of stability and the main political line of the state, whereas Zyuganov's coming to power would have resulted in a period of instability," Vahi believes.

Yeltsin and Chernomyrdin are realistic and pragmatic politicians with whom Estonia will be able to conduct negotiations to achieve concrete results in the solution of cardinal problems of Estonian-Russian relations, the Estonian President believes.

Estonia: Minister Welcomes Communist Defeat, Not Yeltsin Victory

LD0407105696 Tallinn Radio Tallinn Network
in Estonian 1000 GMT 4 Jul 96

[FBIS Translated Text] Estonian Foreign Minister Siim Kallas welcomed the defeat of the communists in the Russian presidential elections and expressed the hope that Estonian-Russian relations will improve.

Unlike several other representatives of foreign states, Kallas did not welcome the victory of Boris Yeltsin. According to the official statement by Siim Kallas, attributed by the Foreign Ministry, Kallas said that it is very good that the elections took place and that the Russian people said a clear no to the communists.

Kallas hopes that the disturbing rhetoric from Russia prior to the elections will not become Russia's policy in practice and that Russia's leadership will start to resolve the acute social and economic problems of the country. Kallas added that Estonia itself will continue the policy of positive involvement which aims to normalize relations with Russia on the basis of equality and mutual benefit.

Estonia: President Tells Legislative Committee of U.S. Trip Results

WSD407082496 Tallinn BNS in English
1900 GMT 3 Jul 96

[FBIS Transcribed Text] Tallinn, Jul 3, BNS — Estonian President Lennart Meri Wednesday met members of the parliamentary Foreign Affairs Committee to inform them about the results of his recent visit to the United States.

Meri said the meetings in the United States gave Estonia, Latvia and Lithuania confidence in their security policy line aiming at integration into the European Union and NATO, the presidential press service told BNS.

In the president's words, the United States values highly Estonia's successful participation in NATO's Partnership for Peace program and the deepening cooperation among the Baltic states.

Meri underlined the need for closer coordination of the country's foreign political moves, so that "our message should sound united and strong."

He spoke highly of the activity of Estonia's embassy in Washington during the visit, the press service said.

The meeting touched on problems related to the spread of information and mass media.

Reports of the Baltic presidents' visit to the United States contained inaccuracies, the parties found.

Members of the parliamentary committee said the press did not take a sufficiently serious attitude towards political events, citing the president's Victory Day speech in Narva on June 23, whose significant political message they said did not receive worthy attention in the mass media.

Other subjects dealt with at the meeting concerned preparation for upcoming visits and events in the sphere of foreign policy.

Estonia: Defense Minister Comments on Peacekeeping Training Issues

LD0607104096 Tallinn Radio Tallinn Network
in Estonian 1700 GMT 5 Jul 96

[FBIS Translated Excerpt] [Passage omitted] [Correspondent Kai Vare] A little while ago we heard that the Swedes are not at all satisfied with the Latvians who are part of their peacekeeping company, or with the level of their training. When asked whether two months is sufficient for the training of our men, Defense Minister Andrus Oovel answered as follows.

[Begin Oovel recording] I am pleased to note that the two Estonian peacekeeping groups which have been peacekeeping in Croatia as part of the Danish battalion have been praised very highly. During our joint visit to Bosnia with the Danish defense minister, all those involved, from the Danish battalion commander and the Nordic brigade commander, down to the U.S. division commander, rated the Estonian soldiers' training very highly. And if our lads' opinion can also be considered, then their joint opinion is that the two months' additional training they received in Denmark could have been completed within a considerably shorter period of time.

I believe that the Baltic battalion project has by now reached such a stage already that training would be adequate for deployment in an operation even directly from our peacekeeping training center, but since we are as yet unable to produce an independently operating unit and are part of the Norwegian battalion, then this 2-months' additional training is required just for the purpose of ensuring [words indistinct] within this specific unit. However, peacekeeping skills required in order to comply with the mission have already been acquired in the course of practical training both in Estonia and Adazi. [end recording]

[Vare] As far as funding the operation is concerned, the Estonian side accepts the expenses connected with the maintenance of personnel; all other expenses will be met by Norway. Norway also provides all equipment and weapons which the Estonian contingent has to return at the end of the mission. The defense minister voiced the hope that the Baltic battalion project will continue toward developing a Baltic brigade, with each Baltic state having its own peacekeeping battalion.

Latvia

Latvia: Ulmanis Congratulates Yeltsin on Re-election

LD0407185896 Moscow INTERFAX in English
1637 GMT 4 Jul 96

[FBIS Transcribed Text] RIGA, July 4 (Interfax) — Latvian President Guntis Ulmanis has congratulated incumbent Russian President Boris Yeltsin on his re-election for a second term.

Ulmanis used INTERFAX's request to comment on the results of the Russian presidential elections as an opportunity to convey his congratulations to Yeltsin. Latvian presidential spokesperson Liga Krapane told INTERFAX on Thursday.

"This victory is not just a victory of Yeltsin but also the choice by the majority of the Russian people in favor of the country's future, the continuation of

reforms and new Russia," Ulmanis said, according to his spokesperson.

"The elections showed that Russian citizens do not want to associate their future with communism," he said.

The Latvian president said he was confident that "the victory of democratic forces in Russia will allow Latvia to regard it as a friend rather than an enemy."

Ulmanis considered the Russian elections as "another move forward toward the values that can contribute to equal, mutually beneficial political and economic dialogue between Russia and Latvia."

"Latvian residents are very interested in this dialogue," Ulmanis said.

Ulmanis also wished Russia "success in further development of economic and social reforms that are pushing further away the sombre shadows of the past."

He voiced the hope that the Russian military-industrial complex "will not become the basis that will determine Russia's development for the years to come."

Latvia: Ulmanis Inaugurated, Hopes for Good Relations With Russia

LD0807151396 Moscow Russian Public Television
First Channel Network in Russian 1400 GMT 8 Jul 96

[From the "Novosti" newscast]

[FBIS Translated Text] The Latvian head of state officially assumed his duties today. Guntis Ulmanis was reelected to the post for a three-year term. The ceremonial inauguration took place at an extraordinary session of the Latvian parliament. Guntis Ulmanis swore a solemn oath to continue to promote the well-being of the country and its people.

After the ceremony, our correspondent was able to obtain an interview. [cuts to video report by correspondents Lyudmila Lvova and Alins Zanderson; shows motorcade, Ulmanis speaking]

Latvian President Guntis Ulmanis said after his inauguration: I am sure that relations with Russia will now improve.

[Begin Ulmanis recording] My optimism is based on the fact that I sense a desire for a meeting on the part of Russia, President Yeltsin, and the present Russian Government. [end recording]

Guntis Ulmanis was elected by a vote in parliament, garnering the same number of supporters — 53 — as he did three years ago, when he became the first president of Latvia after the restoration of its independence. The Latvian parliament has again entrusted 57-year-old

Guntis Ulmanis to govern the country for three years. He has often stressed the need for moderation and realism in relations with neighboring countries.

[Begin Ulmanis recording] I think that our and Russian politicians will find a way to bring our two sovereign independent countries closer and create conditions for them to coexist normally. I have no doubt about that. [end recording]

Latvia: Ulmanis Comments on Lebed's Appointment, Other Issues

LD0807200396 Moscow NTV in Russian
1535 GMT 8 Jul 96

[Interview with Latvian President Guntis Ulmanis by correspondent Pavel Lobkov in Riga on 7 July; from the "Hero of the Day" program — recorded]

[FBIS Summary] During this 25-minute interview Guntis Ulmanis is asked about Latvia's reaction to General Aleksandr Lebed's appointment to the post of the secretary of the Russian Security Council. Ulmanis says: "First and foremost, this is Russia's internal affair. It is inappropriate, at least I think it is, to comment either in a negative or in an admiring way on the appointment of anyone to any post in another country. I never do that. But Lebed's appointment will require a detailed analysis of the processes currently under way in Russia. Were we a little bit farther from Russia, these processes would probably not be of such an interest to us. But currently we are following closely Lebed's and Boris Yeltsin's moves.

"You know, I do not think Lebed will be a major political player at present. I can see politicians like Russian Prime Minister Viktor Chernomyrdin, Moscow Mayor Yuriy Luzhkov, Yeltsin, and a whole number of others. Lebed has always appeared to be a military man with certain discipline, order, certain views. I think in his new job he will implement his principles and these principles are in the interests of Russia, as I see it at present."

Lobkov asks Ulmanis about his opinion of Russia's attempts to prevent the Baltic states from becoming full members of NATO.

Ulmanis replies: "First, NATO is part of our concept of the policy of national security. Second, each country creates its own policy of national security. And third, no one has the right of veto on the policy of national security of another country unless this policy offends the interests of a third country.

"Our national security does not contain the slightest threat of Latvia attacking anyone. I cannot think of any example in history when Latvia attacked anyone. Our

policy is based on our bitter experience in this century. Proportionally, there is perhaps no other nation that has suffered as much in this century. At present I see no alternative to NATO."

About his attitude to Russia Ulmanis says: "Do not think that malice or bad attitude to the Russian people prevails in Latvia. The worst mistake sometimes made by Russian politicians is when they identify Russian-Latvian relations with attitude to the Russian people."

The Latvian president is also asked about his grandfather, who was the president of Latvia before World War Two, and about his hobbies, the main of which is hunting.

The program includes a video report that gives Guntis Ulmanis's political profile over archive video footage.

Latvia: Riga To Strive for 'Constructive Relations' With Russia

LD0407193596 Moscow INTERFAX in English
1721 GMT 4 Jul 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] RIGA, July 4 (Interfax) — Latvia wishes to have constructive relations with Russia, Latvian Foreign Minister Valdis Birkavs told a press conference in Riga Thursday.

Latvia "will strive for constructive relations with Russia, to solve existing problems and for the development of economic cooperation irrespective of possible changes in the policy of this country," he said.

"There will be no substantial changes in the Russian policy, but a regrouping of political forces is quite possible," he said.

Birkavs commented on Boris Yeltsin's re-election as Russian president by saying that Yeltsin "has taken a hand in the restoration of the independence of the Baltic states."

Latvia: Spokesman Reacts to Russian Protest Over NATO Expansion

WS0407114096 Tallinn BNS in English
1011 GMT 4 Jul 96

[FBIS Transcribed Text] Riga, Jul 4, BNS — Russia's protests against the Baltic states' NATO drive will only strengthen aspirations of Latvia, Lithuania and Estonia to join the North Atlantic alliance, Foreign Ministry's Press Secretary Rihards Mucins told BNS.

He made the statement commenting Russian Foreign Ministry senior official Mikhail Demurin's provided

information on the Russian President Boris Yeltsin's letter to U.S. President Bill Clinton. [as received]

In the letter, Yeltsin reproaches Latvia and Estonian for discrimination against the Russian-speaking residents, and strictly turns against the Baltic countries' joining NATO. Yeltsin emphasizes that would be a direct challenge to Russian security interests.

"Latvia's course to NATO membership is nothing new, and is provided also by our foreign policy concept. Russia's announcements will not influence it, but rather promote the Baltic countries' course to NATO," noted Mucins.

Mucins said he was surprised that Russia's protests against restriction of the rights of Latvia non-citizens are expressed in the letter in context with the European security issues.

"It is a pity that other state makes categorical statements on formation and implementation of Latvia's permanent security policy, because these issues are within the competence of Latvia as a sovereign country. It must be reminded that foreign countries and organizations have a chance to receive first-hand information on Latvia's activities in the human rights sphere and thus draw independent conclusions," said the press secretary.

In response to Yeltsin's letter, the United States announced on July 3 that no country has the right to bar the way for NATO enlargement.

"NATO is a union of democratic countries, and its aim is to protect the democratic values. Latvia regrets that Russia does not see stability which could be brought by NATO expansion," noted Mucins.

He said it was also clear that the letter was made public in the decisive moment of the Russian presidential elections.

Lithuania

Lithuania: Brazauskas Welcomes Yeltsin Election Success

*LD0407140596 Vilnius Radio Vilnius Network
in Lithuanian 1300 GMT 4 Jul 96*

[FBIS Translated Text] The Lithuanian president has praised Russia's elections, which were free, democratic, and involved the participation of the majority of the people. The elections contributed strongly to strengthening principles of democracy in Russia, Brazauskas said.

According to a report, submitted to ELTA by the presidential press office, Brazauskas said that by voting for Boris Yeltsin a majority of the Russian people approved of the energetic implementation of reforms.

The president stressed that relations between Lithuania and Russia will continue to be marked by a spirit of good-neighborliness and understanding.

Lithuania: 'Intense Bilateral Dialogue' With NATO To Continue

*WS0407074696 Vilnius ELTA in English
1715 GMT 3 Jul 96*

[From "News Bulletin" No. 1045]

[FBIS Transcribed Text] Brussels, July 3 (ELTA) — Lithuanian and NATO delegations agreed in Brussels to continue the "intense bilateral dialogue" on the NATO enlargement issues.

Lithuanian diplomats and officers had consultations with officials of 16 NATO states on Tuesday in Belgian capital and proposed that such meetings were regular, spokesman of Lithuanian mission in NATO told ELTA news agency.

This was the second stage of consultations, where Albinas Januska, Lithuanian foreign ministry secretary, presented Lithuanian standpoint about NATO enlargement. Lithuanian delegation explained their NATO colleagues about relations between militaries and civilians in Lithuania, construction of democratic armed forces, formation of defence structure budgets, and harmonization of Lithuania's armed forces with the NATO standards.

Leader of NATO negotiators, NATO Secretary General's Adviser Gebhardt von Moltke told about NATO foreign ministers meeting at the start of June and their decision to adapt alliance needs with new security realities and to search for new forms of activities.

Baltic delegates expressed Lithuania's desire to take an active part in the arms control and reduction process being realized according to the Conventional Armed Forces in Europe (CFE) agreement that, however, allowed deployment of additional Russian weaponry at the border with Latvia and Estonia.

At the one-day meeting held in Brussels according to the formula "16 plus 1", there were also Head of Lithuanian Army General Staff Colonel Valdas Tutkus, Military Attache Commander Eugenijus Nazelskis and officials of the permanent mission in Brussels.

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Lithuania: New Computers To Help Control Nuclear Materials

*WS0407074496 Vilnius ELTA in English
1715 GMT 3 Jul 96*

[From "News Bulletin" No. 1045]

(FBI Transcribed Text) Vilnius, July 3 (ELTA) — Nuclear stuff in Lithuania will be counted and controlled by computers. A group of Swedish Nuclear Power Inspectorate experts, headed by Goran Steen, delivered computers and necessary software to State Atomic Energy Security Inspection (VATESI) on Wednesday. This gift cost more than a quarter of million Swedish crowns.

Cooperation of Lithuanian and Swedish governments in nuclear security field lasts since 1991. Swedish support

for this field of Lithuanian economy is many-sided and covers a lot of already realized and future projects.

Swedish gift is a part of bilateral program. It will help Lithuanian atomic energy security inspection to improve work reliability, as many of handwork operations are to be passed to computers.

The main object trusted to the inspection care is Ignalina nuclear power plant, VATESI head Povilas Vaisnys told ELTA news agency. Moreover, the inspection takes care of other educational and medical institutions, construction and oil companies, with their activities related to the nuclear stuff.

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